AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

THE NATIONAL ARCHIVES
LITTERA SCRIPTA MANET
FEDERAL REGISTER
OF THE UNITED STATES 1934

VOLUME 21 NUMBER 59

Washington, Tuesday, March 27, 1956

TITLE 3—THE PRESIDENT

EXECUTIVE ORDER 10663

ADMINISTRATION OF THE ESCAPEE PROGRAM

By virtue of the authority vested in me by the Mutual Security Act of 1954 (68 Stat. 832), as amended, including particularly sections 521 and 525 thereof, it is ordered as follows:

SECTION 1. Section 104 of Executive Order No. 10610 of May 9, 1955 (20 F. R. 3181), is hereby amended by adding at the end thereof a new subsection (c) reading as follows:

"(c) The Secretary of State may carry out the functions now financed pursuant to section 405 (d) of the Mutual Security Act of 1954, as amended, through any officer or agency of the Department of State."

SEC. 2. There is hereby terminated the duty of the Director of the International Cooperation Administration (under section 103 (c) of Executive Order No. 10575 of November 6, 1954 (19 F. R. 7251), as affected by Executive Order No. 10610) to assist the Secretary of State in formulating and presenting the policy of the United States with respect to the assistance programs of the Intergovernmental Committee for European Migration, the United Nations Refugee Fund, and the United Nations Children's Fund.

SEC. 3. The Secretary of State is hereby authorized to transfer or assign to any agency or agencies of the Department of State such offices, officers, and personnel, and so much of the property and records, of the International Cooperation Administration as he may deem necessary for the administration by the said agency or agencies of the functions referred to in section 104 (c) of Executive Order No. 10610, as amended by this order.

SEC. 4. This order shall become effective on the first day of the first month commencing after the date hereof.

DWIGHT D. EISENHOWER

THE WHITE HOUSE,
March 24, 1956.

[F. R. Doc. 56-2357; Filed, Mar. 26, 1956; 11:43 a. m.]

TITLE 5—ADMINISTRATIVE PERSONNEL

Chapter I—Civil Service Commission

PART 6—EXCEPTIONS FROM COMPETITIVE SERVICE

MISCELLANEOUS AMENDMENTS

Effective April 1, 1956, § 6.101 (h) is amended, and §§ 6.109 (a) (11), 6.110 (e) (2) and (3), 6.112 (l) (1) and (2), (m) (1) and (2), and 6.310 (l) (21) through (27) are added as set out below.

§ 6.101 *Entire executive civil service.* * * *

(h) Any position in a foreign country, when in the opinion of the Commission, appointment through competitive examination is impracticable, except as provided in paragraph (i) of this section: *Provided*, That the following positions in foreign countries are not included in this exception: Positions in the Immigration and Naturalization Service, all positions in Canada and Mexico, and continuing positions at GS-7 and above in Cuba; positions in the Bureau of Customs and technical positions in the Internal Revenue Service, Treasury Department; General Accounting Office positions; positions in the International Field Offices of the Civil Aeronautics Administration, Department of Commerce; positions in the Departments of Defense, Army, Navy, and Air Force.

§ 6.109 *Post Office Department*—(a) *General.* * * *

(11) Positions (other than Postmaster) in Samoa, The Trust Territory, Canton Island, and Wake Island.

§ 6.110 *Department of the Interior.* * * *

(e) *Office of Territories.* * * *

(2) The Clerk of the High Court of American Samoa.

(3) One position of part-time Secretary and one position of Administrative Educational Aid to the U. S. Resident Administrator for Canton Island.

§ 6.112 *Department of Commerce.* * * *

(l) *Civil Aeronautics Administration.*

(1) Medical Officer positions on Canton and Wake Islands.

(2) Laborer positions on Swan Island.

(m) *Weather Bureau.* (1) Until December 31, 1960, Meteorologist Aid and

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FEDERAL REGISTER

Published daily, except Sundays, Mondays, and days following official Federal holidays, by the Federal Register Division, National Archives and Records Service, General Services Administration, pursuant to the authority contained in the Federal Register Act, approved July 26, 1935 (49 Stat. 500, as amended; 44 U. S. C., ch. 8B), under regulations prescribed by the Administrative Committee of the Federal Register, approved by the President. Distribution is made only by the Superintendent of Documents, Government Printing Office, Washington 25, D. C.

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CFR SUPPLEMENTS

(As of January 1, 1956)

The following Supplement is now available:

Title 32: Parts 800–1099 ($0.40)

Previously announced: Title 3, 1955 Supp. ($2.00); Title 8 ($0.50); Title 9 ($0.70); Titles 10–13 ($0.70); Title 18 ($0.50); Title 24 ($0.75); Title 25 ($0.50); Title 26: Parts 1–79 ($0.35), Parts 170–182 ($0.30), Parts 183–299 ($0.35); Title 32: Parts 700–799 ($0.35), Part 1100 to end ($0.35); Titles 40–42 ($0.65); Title 49: Parts 1–70 ($0.60), Parts 71–90 ($1.00), Parts 91–164 ($0.50), Part 165 to end ($0.65)

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(2) Cook positions on Swan Island.

§ 6.310 *Department of the Interior.* * * *

(l) *Office of Territories.* * * *

(21) One Administrative Assistant to the Governor of American Samoa.

(22) One Secretary to the Government Secretary of American Samoa.

(23) One Secretary to the Governor of Guam.

(24) One Secretary to the Government Secretary of Guam.

(25) Chief Justice of the Trust Territory.

(26) One Secretary to the High Commissioner of The Trust Territory.

(27) One Secretary to the Deputy High Commissioner of The Trust Territory.

(R. S. 1753, sec. 2, 22 Stat. 403; 5 U. S. C. 631, 633)

UNITED STATES CIVIL SERVICE COMMISSION,
[SEAL] WM. C. HULL,
Executive Assistant.

[F. R. Doc. 56-2292; Filed, Mar. 26, 1956; 8:50 a. m.]

PART 20—RETENTION PREFERENCE REGULATIONS FOR USE IN REDUCTIONS IN FORCE

ORDER OF SELECTION

Section 20.4 (c) is amended as set out below.

§ 20.4 *Order of selection.* * * *

(c) *Determination of tenure groups and subgroups.* For the purpose of determining relative retention preference in reductions in force, competing employees with performance ratings of "Satisfactory" or better shall be classified in tenure groups and subgroups according to tenure of employment and veteran preference. In the competitive service, tenure groups shall be as prescribed in subparagraphs (1), (2), and (3) of this paragraph. In the excepted service, employees shall be arranged in tenure groups I, II, or III to correspond with the grouping of employees having similar tenure in competitive positions.

(1) *Group I.* This group consists of career employees who have completed probation and who are not indefinite because they occupy military or defense-transfer vacancies. Career employees serving under temporary or indefinite promotions shall be considered in this group with respect to positions at and below the grade in which they last served on a permanent basis.

(2) *Group II.* This group includes career employees who are serving probationary periods, all career-conditional employees, and career employees who are "indefinite" because they occupy military or defense-transfer vacancies.

(3) *Group III.* This group includes indefinite employees, employees serving under temporary appointments pending establishment of registers, and employees serving under other nonstatus nontemporary appointments.

(Secs. 11, 19, 58 Stat. 390, 391; 5 U. S. C. 860, 868)

UNITED STATES CIVIL SERVICE COMMISSION,
[SEAL] WM. C. HULL,
Executive Assistant.

[F. R. Doc. 56-2293; Filed, Mar. 26, 1956; 8:50 a. m.]

TITLE 7—AGRICULTURE

Chapter I—Agricultural Marketing Service (Standards, Inspections, Marketing Practices), Department of Agriculture

PART 28—COTTON STANDARDS

SUBPART D—COTTON CLASSIFICATION AND MARKET NEWS SERVICES FOR ORGANIZED GROUPS OF PRODUCERS

MISCELLANEOUS AMENDMENTS

Pursuant to authority contained in the Cotton Statistics and Estimates Act of March 3, 1927, as amended April 13, 1937 (50 Stat. 62; 7 U. S. C. 473 a, b, and c), and the United States Cotton Standards Act, as amended (42 Stat. 1517; 7 U. S. C. 51 et seq.), the regulations governing Cotton Classification and Market News Services for Organized Groups of Producers (7 CFR 28.901–28.919) are hereby amended as follows:

1. Delete § 28.901 (a) and substitute therefor the following:

(a) "Act" means the applicable provisions of the act of Congress of March 3, 1927 (44 Stat. 1372), as amended by the Act of Congress of April 13, 1937 (50 Stat. 62) (7 U. S. C. 471–476), and the United States Cotton Standards Act, as amended (42 Stat. 1517; 7 U. S. C. 51 et seq.).

2. The citation authority set forth in the amendment of Subpart D published in the FEDERAL REGISTER on January 13, 1956, is amended to read as follows:

(Sec. 10, 42 Stat. 1519, sec. 3c, 50 Stat. 62; 7 U. S. C. 61, 473c)

The amendment merely defines the "act" under which the regulations are issued and corrects a citation contained in a former amendment and requires no preparation on the part of the users of the service. Therefore, good cause is found that notice of rule making is impracticable, unnecessary, and contrary to the public interest; and good cause is found for making this amendment effective upon its publication in the FEDERAL REGISTER.

(Sec. 10, 42 Stat. 1519, sec. 3c, 50 Stat. 62; 7 U. S. C. 61, 473c)

Done at Washington, D. C., this 22d day of March 1956 to be effective upon publication in the FEDERAL REGISTER.

[SEAL] ROY W. LENNARTSON,
Deputy Administrator, Agricultural Marketing Service.

[F. R. Doc. 56-2290; Filed, Mar. 26, 1956; 8:50 a. m.]

TITLE 14—CIVIL AVIATION

Chapter I—Civil Aeronautics Board

[Civil Air Regs.; Amdt. 41-8]

PART 41—CERTIFICATION AND OPERATION RULES FOR SCHEDULED AIR CARRIER OPERATIONS OUTSIDE THE CONTINENTAL LIMITS OF THE UNITED STATES

DAILY FLIGHT TIME LIMITATIONS FOR FLIGHT NAVIGATORS

Adopted by the Civil Aeronautics Board at its office in Washington, D. C., on the 21st day of March 1956.

Part 41 of the Civil Air Regulations presently limits the time a pilot, flight radio operator, or flight engineer may be scheduled for flight duty to a maximum of 12 hours during any 24 consecutive hours when no in-flight relief is available for such flight crew member. However, Part 41 does not contain such a limitation with respect to the scheduling of a flight navigator for flight duty.

On April 22, 1955, the Bureau of Safety Regulation circulated Civil Air Regulations Draft Release No. 55–10, Flight Time Limitations; Navigators, and published a notice of proposed rule making in the FEDERAL REGISTER on April 27, 1955 (20 F. R. 2822) in which notice was given that it had under consideration the adoption of an amendment to Part 41 of the Civil Air Regulations to limit the time a flight navigator may be scheduled for flight duty to a maximum of 12 hours during any 24 consecutive hours when no in-flight relief is available. Comment received from the principal interested parties revealed that considerable disagreement existed with respect to the proposal. In addition, the Board also received a request that it hear oral argument before taking final atcion on the proposal.

Accordingly, the Board, on November 30, 1955, published a Supplemental Notice of Proposed Rule Making and Oral Argument Thereon (20 F. R. 8777) which was circulated as Draft Release No. 55–28. In that notice the Board requested that persons desiring to be heard inform the Director of the Bureau of Safety Regulation on those matters set forth in the notice concerning which they desired to present oral argument and to submit a brief statement containing the nature of the argument to be presented.

Following circulation of Draft Release No. 55–28, the only person having a substantial interest in this matter who requested opportunity to present oral argument before the Board withdrew his request with the understanding that the flight time limitation proposed in Draft Release No. 55–10 would be made applicable only on those routes or route segments on which it has been determined that flight navigators are required

pursuant to § 41.80. Inasmuch as this understanding was consistent with the Board's interpretation of similar requirements with respect to other airmen similarly affected, and since it was consistent with the proposal contained in Draft Release No. 55–10, the Board was of the view that no useful purpose would be served by hearing oral argument in this matter.

In view of the foregoing, the Board found that good cause existed for canceling the oral argument. Accordingly, interested persons were notified by published notice (21 F. R. 630) circulated as Draft Release No. 56–4 that the oral argument had been canceled.

In consideration of all the information available, including comment submitted with respect to Draft Releases Nos. 55–10 and 55–28, the Board finds that, although an airman's being in the air for more than 12 hours does not create a hazardous condition in and of itself, in the interest of safety 12 hours should be the maximum period for any flight crew member, including navigators, to be scheduled for flight duty on an aircraft as a flight crew member without in-flight relief; that Part 41 does not presently contain such a limitation; that the navigator flight time limitations of Part 41 are applicable only over those areas, routes, or route segments for which it has been determined that flight navigators are required by § 41.80; and that current route patterns are such that no undue hardship will be imposed on any United States flag carrier by application of the 12-hour limitation on navigator flight duty.

Interested persons have been afforded an opportunity to participate in the making of this amendment and due consideration has been given to all relevant matter presented.

In consideration of the foregoing, the Civil Aeronautics Board hereby amends Part 41 of the Civil Air Regulations (14 CFR Part 41, as amended) effective April 25, 1956:

By amending § 41.81 to read as follows:

§ 41.81 *Flight time limitations.* When one flight navigator is required, the flight time limitations prescribed in § 41.55 apply. When two or more flight navigators are required, the flight time limitations prescribed in § 41.56 apply.

(Sec. 205, 52 Stat. 984, 49 U. S. C. 425. Interprets or applies secs. 601, 52 Stat. 1007, as amended, 49 U. S. C. 551)

By the Civil Aeronautics Board.

[SEAL] M. C. MULLIGAN, *Secretary.*

[F. R. Doc. 56–2287; Filed Mar. 26, 1956; 8:49 a. m.]

TITLE 33—NAVIGATION AND NAVIGABLE WATERS

Chapter II—Corps of Engineers, Department of the Army

PART 202—ANCHORAGE REGULATIONS

BUFFALO HARBOR, NEW YORK

Pursuant to the provisions of section 2 of an act of Congress approved April 22, 1940 (54 Stat. 150; 33 U. S. C. 258), § 202.84 designating a special anchorage area in the waters between Black Rock Channel and Bird Island Pier opposite the foot of Porter Avenue, Buffalo, New York, is hereby prescribed, as follows:

§ 202.84 *Black Rock Channel opposite foot of Porter Avenue, Buffalo, New York.* An area extending northwesterly between Black Rock Channel and Bird Island Pier opposite the foot of Porter Avenue, bounded as follows: Beginning at Triangulation Marker "N–5" on Bird Island Pier; thence southeasterly along the pier a distance of approximately 745 feet; thence 60°52′ true, approximately 300 feet to a point 50 feet westerly of the westerly limit of Black Rock Channel; thence northwesterly along an arc of a circle parallel to and 50 feet westerly of the westerly limit of the channel to a point approximately 360 feet southerly of Bird Island Pier Light No. 17; thence 276°20′ true, approximately 135 feet to Bird Island Pier; thence southwesterly and southerly along the pier a distance of approximately 1,355 feet to the point of beginning.

[Regs., March 12, 1956, 800.212 (Black Rock Channel, N. Y.)—ENGWO] (Sec. 2, 54 Stat. 150; 33 U. S. C. 258)

[SEAL] JOHN A. KLEIN, *Major General, U. S. Army, The Adjutant General.*

[F. R. Doc. 56–2265; Filed, Mar. 26, 1956; 8:45 a. m.]

TITLE 15—COMMERCE AND FOREIGN TRADE

Subtitle A—Office of the Secretary of Commerce

PART 1—SERVICES AND PUBLICATIONS OF THE DEPARTMENT OF COMMERCE AND CHARGES THEREFOR

All of the material comprising Part 1, Subtitle A, Title 15 previously published at 13 F. R. 6621 and 19 F. R. 2855 is superseded by the following revised Part 1. The material formerly appearing in § 1.5 now appears in Part 50, Subtitle B of Title 15, Code of Federal Regulations.

In accordance with the provisions of section 4 (a) and (c) of the Administrative Procedure Act, it has been found that notice and hearing on these schedules of fees are unnecessary for the reason that such procedures, because of the nature of these rules, serve no useful purpose.

Sec.
1.1 Delegation of authority.
1.2 Procedure for handling requests and estimating charges.

AUTHORITY: §§ 1.1 and 1.2 issued under sec. 2, 64 Stat. 1263. Interpret or apply sec. 3, 32 Stat. 826, sec. 1, 49 Stat. 292, 1335, 56 Stat. 1067, sec. 501, 65 Stat. 290, 596; 15 U. S. C. 189a, 189, 5 U. S. C. 606, 140.

§ 1.1 *Delegation of authority.* (a) Pursuant to the authority vested in the Secretary of Commerce by law, the head of each primary organization unit is hereby authorized to:

(1) Approve fees for services.

(2) Approve special studies or services.

(3) Approve the estimated and/or actual cost of special studies or services, and, when the public interest is involved in a particular case, the proportion of the total cost fairly attributable to a private individual or group requesting such a special study or service.

(4) Established estimated costs of $500 or less as fixed fees.

(b) Pursuant to the same authority, the Director, Office of Publications, is hereby authorized to approve prices for publications sold to the public.

(c) The authority delegated herein may be redelegated to such officers or employees as the head of the organization unit may deem necessary.

(d) The authority granted herein is effective as of December 30, 1955.

§ 1.2 *Procedure for handling requests and establishing charges.* (a) Each applicant desiring a special study or special service shall submit a formal written request therefor. Such request shall be submitted to the head of the primary organization unit concerned or his designee who shall either approve or disapprove the request after study of the nature and scope of the project, the estimated cost thereof, and other pertinent information. The applicant shall be notified as to whether his request for a project has been approved or disapproved.

(b) The fixed fee or estimated cost established for a study or service shall be kept as close to the actual cost as possible. There shall be included such direct costs as (1) labor, including value of leave accrued and supervision; (2) the purchase of services from other Federal agencies including printing from the Government Printing Office or Department of Commerce printing plant; (3) rental of equipment; (4) maintenance and operation of Government-owned equipment used; (5) travel; (6) communications; and (7) all other necessary expenditures. In addition, an adequate percentage of cost shall be included to cover generally such indirect agency overhead costs as collection and deposit of charges or costs, maintenance, operation, and depreciation of buildings, depreciation of equipment, the Government's share of the retirement or social security benefits for the employees, and workmen's compensation.

[SEAL] SINCLAIR WEEKS, *Secretary of Commerce.*

[F. R. Doc. 56–2275; Filed, Mar. 26, 1956; 8:47 a. m.]

Chapter I—Bureau of the Census, Department of Commerce

PART 50—SPECIAL SERVICES AND STUDIES BY THE BUREAU OF THE CENSUS

FEE STRUCTURE FOR AGE SEARCH AND CITIZENSHIP SERVICE, SPECIAL POPULATION CENSUSES, AND FAMILY INCOME AND RENT SURVEYS FOR LOCAL HOUSING AUTHORITIES

In accordance with the provisions of section 4 (a) and (c) of the Administrative Procedure Act, it has been found that notice and hearing on these sched-

ules of fees and postponement of the effective date thereof are impracticable and unnecessary for the reason that such procedure, because of the nature of these rules, serves no useful purpose.

Sec.
50.1 General.
50.5 Fee structure for age search and citizenship information.
50.10 Fee structure for special population censuses.
50.15 Fee structure for family income and rent survey for local housing authorities.

AUTHORITY: §§ 50.1 to 50.15 issued under sec. 3, 49 Stat. 293, as amended; 15 U. S. C. 292a. Interpret or apply sec. 1, 40 Stat. 1256, as amended, sec. 21, 46 Stat. 46, sec. 1, 49 Stat. 292; 15 U. S. C. 192, 13 U. S. C. 8, 15 U. S. C. 189a.

§ 50.1 *General.* Fee structure for age search and citizenship service, special population censuses, and family income and rent surveys by the Bureau of the Census.

(a) In accordance with the provisions of the act of August 31, 1954 (13 U. S. C. 8) and the act of May 27, 1935 (49 Stat. 292, 293; 15 U. S. C. 189a, 192, 192a), authorizing the Department of Commerce to make special statistical surveys and studies, and to perform other specified services upon the payment of the cost thereof, the following fee structures are hereby established with the proviso that no transcript of any record furnished under authority of these acts shall be approved which would violate existing or future acts requiring that information furnished be held confidential.

§ 50.5 *Fee structure for age search and citizenship information.*

Type of service	*Fee*
A search in regular turn of not more than 2 censuses for 1 person	$3.00
A priority search of not more than 2 censuses for 1 person	4.00
Each additional copy of census transcript	1.00

Effective January 1, 1956

The form for obtaining age search and citizenship information may be obtained upon written request to the Director, Bureau of the Census, Washington 25, D. C.

§ 50.10 *Fee structure for special population censuses.* (a) The Bureau of the Census is authorized to conduct special population censuses at the request of and at the expense of the community concerned. To obtain a special population census, an authorized official of the community should write a letter to the Director, Bureau of the Census, Washington 25, D. C., requesting detailed information and stating the approximate present population. The Director will reply giving an estimate of the cost and other pertinent information.

(b) The cost of a special population census consists of two parts:

(1) Certain local expenses to be paid directly by the community for salary and travel (if necessary) of enumerators and crewleaders, who are hired locally, and, unless otherwise furnished, for incidental expenses such as office space, telephone, and the like. This portion of the cost will be estimated individually for each requested census, but can be expected ordinarily to range from 10 cents to 15 cents per person enumerated.

(2) Expenses of the Bureau of the Census for preparation of enumerator assignment maps, salary, and travel expenses of the supervisor or supervisors assigned by the Bureau, the cost of tabulation of results, and general office and administrative expenses. The fee structure for this portion of the cost is as follows:

Size group	
For places under 500 population	$220.
For places from:	
500 through 599	$255.
600 through 699	$285.
700 through 799	$305.
800 through 899	$320.
900 through 999	$330.
1,000 through 2,999	$330, plus $9 per 100 or fraction over 999.
3,000 through 4,999	$510, plus $7 per 100 or fraction over 2,999.
5,000 through 9,999	$650, plus $25 per 500 or fraction over 4,999.
10,000 through 49,999	$900, plus $35 per 1,000 or fraction over 9,999.
50,000 and over	(1).

Effective January 1, 1956.

[1] For communities of 50,000 population and over, and counties and States, regardless of size, an individual estimate will be prepared.

§ 50.15 *Fee structure for family income and rent survey for local housing authorities.*

City size group	*Amount*
250,000 or more	$3,000
100,000 through 249,999	2,800
50,000 through 99,999	2,200
25,000 through 49,999	1,700
Less than 25,000	(2)

Effective January 1, 1956.

[2] Fee to be established on an individual basis.

To obtain a family income and rent survey, an authorized officer of the local housing authority should write a letter to the Director, Bureau of the Census, Washington 25, D. C., enclosing a check or money order based on the foregoing table and payable to Census, Department of Commerce. The letter should be routed through the appropriate Field Office Director, Public Housing Authority, and state the survey area and time the survey is desired.

ROBERT W. BURGESS,
Director,
Bureau of the Census.

[F. R. Doc. 56-2294; Filed, Mar. 26, 1956; 8:51 a. m.]

TITLE 21—FOOD AND DRUGS

Chapter I—Food and Drug Administration, Department of Health, Education, and Welfare

Subchapter C—Drugs

PART 141b—STREPTOMYCIN (OR DIHYDROSTREPTOMYCIN) AND STREPTOMYCIN- (OR DIHYDROSTREPTOMYCIN-) CONTAINING DRUGS; TESTS AND METHODS OF ASSAY

PART 146b—CERTIFICATION OF STREPTOMYCIN (OR DIHYDROSTREPTOMYCIN) AND STREPTOMYCIN- (OR DIHYDROSTREPTOMYCIN-) CONTAINING DRUGS

MISCELLANEOUS AMENDMENTS

By virtue of the authority vested in the Secretary of Health, Education, and Welfare by the Federal Food, Drug, and Cosmetic Act (sec. 507, 59 Stat. 463, 61 Stat. 11, 63 Stat. 409, 67 Stat. 389; sec. 701, 52 Stat. 1055; 21 U. S. C. 357, 371) and delegated to the Commissioner of Food and Drugs by the Secretary (20 F. R. 1996), the regulations for tests and methods of assay and certification of streptomycin or dihydrostreptomycin and streptomycin- or dihydrostreptomycin-containing drugs (21 CFR Parts 141b, 146b) are amended as indicated below:

1. Section 141b.113 is revised to read as follows:

§ 141b.113 *Streptomycin syrup; streptomycin and kaolin in gel (streptomycin oral suspension); dihydrostreptomycin syrup; dihydrostreptomycin and kaolin in gel (dihydrostreptomycin oral suspension)*—(a) *Potency*—(1) *Streptomycin content.* Proceed as directed in § 141b.101, except § 141b.101 (k), and except that if it is in an oil base proceed as directed in § 141a.35 (a) (2) of this chapter. Its potency is satisfactory if it contains not less than 85 percent of the number of milligrams of streptomycin that it is represented to contain.

(2) *Dihydrostreptomycin content.* Using dihydrostreptomycin working standard as the standard of comparison, proceed as directed in § 141b.101, except § 141b.101 (k), and except that if it is in an oil base proceed as directed in § 141a.35 (a) (3) of this chapter. Its potency is satisfactory if it contains not less than 85 percent of the number of milligrams of dihydrostreptomycin that it is represented to contain.

2. In § 146b.104 *Streptomycin tablets* * * * paragraph (a) *Standards of identity* * * * is amended by changing the first two sentences to read as follows: "Streptomycin tablets and dihydrostreptomycin tablets are streptomycin or dihydrostreptomycin tableted with or without glucuronolactone, kaolin, or other suitable and harmless absorbent ingredients, pectin, and dried aluminum hydroxide gel, with or without one or more suitable sulfonamides,

and with or without the addition of one or more suitable and harmless diluents, binders, lubricants, colorings, and flavorings. If it is intended solely for veterinary use and is conspicuously so labeled, it may contain vitamin A."

3. Section 146b.103 is amended in the following respects:

a. The section headnote and the first two sentences of paragraph (a) are changed to read as follows:

§ 146b.103 *Streptomycin syrup; streptomycin and kaolin in gel (streptomycin oral suspension); dihydrostreptomycin syrup; dihydrostreptomycin and kaolin in gel (dihydrostreptomycin oral suspension)*—(a) *Standards of identity, strength, quality, and purity.* Streptomycin syrup and dihydrostreptomycin syrup are streptomycin or dihydrostreptomycin dissolved in a suitable and harmless diluent that contains one or more suitable and harmless preservatives. Streptomycin and kaolin in gel and dihydrostreptomycin and kaolin in gel are streptomycin or dihydrostreptomycin dissolved or suspended in a suitable and harmless gel base that contains kaolin and one or more suitable and harmless preservatives. Each such drug may contain one or more suitable and harmless suspending or dispersing agents, flavorings, pectin, bismuth glycolylarsanilate, bismuth magma, or bismuth subcarbonate, suitable mineral salts, procaine hydrochloride, a suitable antispasmodic agent, and one or more suitable sulfonamides. * * *

b. In paragraph (c) *Labeling* subparagraph (1) (v) is changed to read as follows:

(v) If the batch contains, in addition to streptomycin or dihydrostreptomycin, one or more of the other active ingredients specified in paragraph (a) of this section, the name and quantity of each such other ingredient used and the name of the gel base.

c. Paragraph (c) (3) is changed to read as follows:

(3) On the label and labeling, if it contains, in addition to streptomycin or dihydrostreptomycin, one or more of the other active ingredients specified in paragraph (a) of this section, after the name "streptomcyin syrup," "streptomycin and kaolin in gel," "dihydrostreptomycin syrup," or "dihydrostreptomycin and kaolin in gel," wherever such name appears, the words "with _____ (the blank being filled in with the common or usual name of each such other ingredient)," in juxtaposition with such name.

Notice and public procedure are not necessary prerequisites to the promulgation of this order, and I so find, since it was drawn in collaboration with interested members of the affected industry and since it would be against public interest to delay providing for the amendments set forth above.

This order shall become effective upon publication in the FEDERAL REGISTER, since both the public and the affected industry will benefit by the earliest effective date, and I so find.

(Sec. 701, 52 Stat. 1055; 21 U. S. C. 371. Interpret or apply sec. 507, 59 Stat. 463, as amended; 21 U. S. C. 357)

Dated: March 21, 1956.

[SEAL] GEO. P. LARRICK,
Commissioner of Food and Drugs.

[F. R. Doc. 56-2285; Filed, Mar. 26, 1956; 8:49 a. m.]

TITLE 26—INTERNAL REVENUE, 1954

Chapter I—Internal Revenue Service, Department of the Treasury

Subchapter E—Alcohol, Tobacco, and Other Excise Taxes

[T. D. 6165]

PART 220—PRODUCTION OF DISTILLED SPIRITS

PART 221—PRODUCTION OF BRANDY

PART 225—WAREHOUSING OF DISTILLED SPIRITS

MISCELLANEOUS AMENDMENTS

On October 13, 1955, a notice of proposed rulemaking with respect to Parts 220, 221, 225 of Title 26 (1954) of the Code of Federal Regulations was published in the FEDERAL REGISTER (20 F. R. 7664). The purpose of this proposal was to effect administrative decisions (1) to eliminate requirements for the weighing, prior to shipment, of packages transferred in sealed conveyances between internal revenue bonded warehouses and to transfer to proprietors the responsibility for weighing and recording the weights thereof of all packages transferred whether in sealed or unsealed conveyances, (2) to eliminate the requirement that packages be weighed prior to the dumping of spirits into tanks for gauging for either taxpayment or bottling in bond, (3) to provide for recoopering and repairing of packages under general supervision of an internal revenue officer, (4) to permit the taking of samples of spirits under general supervision of an internal revenue officer, (5) to transfer to warehousemen the responsibility for performing and recording certain original gauges of containers filled from storage tanks, (6) to authorize the storekeeper-gaugers to approve applications to change the kind of cooperage, (7) to provide that warehousemen shall furnish storekeeper-gaugers in charge with advance schedules of planned operations, (8) to authorize the transfer of spirits by pipeline to the bottling-in-bond department for gauge therein, (9) to provide for affixing brand labels or State stamps to bottled spirits (bearing all mandatory information) after removal from the premises where the spirits were bottled, (10) to remove restrictions as to bottle sizes for bottled-in-bond spirits to be exported, (11) to require the warehouseman to prepare Form 1620 when spirits are returned to the storage portion of the warehouse from the bottling-in-bond department, (12) to liberalize the requirements for the preparation and submission of plats and plans, (13) to permit such openings as are necessary in the wall separating the bottling-in-bond department from the storage portion of the warehouse, (14) to modify the requirements relating to the storage capacity of warehouses, (15) to delete the requirements with respect to marking storage tanks, (16) to eliminate the requirement for storing cases in serial order, (17) to permit alternate bottling from different tanks in the bottling-in-bond department, (18) to correct discrepancies in Part 225 with respect to the preparation of Form 1520, the use of facsimile signature stamps on wholesale liquor dealer's stamps, and an incomplete cross reference, (19) to modify the degree of supervision to be exercised by internal revenue officers over various warehouse activities such as the transfer of spirits from one storage tank to another, transfer of spirits between warehouse buildings on the same premises, pipeline removals, filling of tank-cars and tank trucks, and the transfer of rum for denaturation, and (20) to make changes of an editorial nature. No data, views, or arguments relating to the rules proposed were received within the period of 30 days from the date of publication. The amendments to 26 CFR (1954) Parts 220, 221, and 225 set forth below are hereby adopted:

PARAGRAPH 1. 26 CFR (1954) Part 220, Production of Distilled Spirits, is amended as follows:

(A) Section 220.171 is amended by striking the phrase "plans of the buildings, apparatus, and equipment thereon," and inserting in lieu thereof the phrase "flow diagrams (plans) of the distillery operation,".

(B) Section 220.210 is amended to read as follows:

§ 220.210 *General requirements.* Every person intending to engage in the business of a distiller must, as provided in § 220.171, file an accurate plat of the distillery premises, and flow diagrams (plans) of the distillery operations, in triplicate, with the assistant regional commissioner. The assistant regional commissioner may require the submission of other plans, including floor and elevational plans, when he deems such plans necessary to adequately depict any part of the premises or any details of construction or equipment.

(68A Stat. 631; 26 U. S. C. 5178)

(C) Section 220.211 is amended as follows:

(1) By changing the second sentence, which begins "The cardinal points", to read: "The cardinal points of the compass must appear on each sheet of any plat."

(2) By changing the sixth sentence, which begins "The dimensions", to read: "The dimensions of plat and plan sheets shall be 15 by 20 inches, outside measurement, with a clear margin of at least 1 inch on each side of the drawing, lettering, and writing: *Provided*, That the assistant regional commissioner may authorize the use of sheets which exceed these dimensions, if they can be folded to the 15-inch by 20-inch dimensions to permit the fastening of the sheets to a file by the top margin (20-inch dimen-

sion) in such a manner that they may be reviewed without removal from the file and will not unfold when the file is suspended in a cabinet."

(3) By changing the period at the end of the last sentence to a colon and adding the following: "*Provided*, That reproduction by other equally suitable methods may be approved by the assistant regional commissioner."

(D) Section 220.214 is revoked.

(E) Section 220.215 is amended to read as follows:

§ 220.215 *Pipe lines in colors.* The pipe lines required to be shown on the plat and plans must be depicted in the colors in which they are painted, as prescribed by § 220.127.

(68A Stat. 631; 26 U. S. C. 5178)

(F) Section 220.216 is amended to read as follows:

§ 220.216 *Pipe lines exempted.* Utility service lines, such as sewers and electric or gas conduits or pipes, and sprinkler, refrigeration, or heating systems which have no connection with the distilling equipment or any apparatus or pipe line connected therewith, need not be shown on plans.

(68A Stat. 631; 26 U. S. C. 5178)

(G) Section 220.217 is amended to read as follows:

§ 220.217 *Flow diagrams.* Flow diagrams (plans) shall be submitted covering the distilling systems. The flow diagrams must reflect the description of each production process listed in the statement of process required by § 220.172. Such flow diagrams shall clearly depict equipment in its relative operating sequence, with essential connecting pipe lines and valves. The flow diagrams must show the flow of the distilling material through the beer well, stills, doublers, try boxes, and other essential equipment, and the deposit of the finished spirits in the cistern room. Such equipment as pumps, pressure regulators, weirs, or rotometers need not be shown. All major equipment must be identified as to number and use. The direction of the flow of spirits through the pipe line must be indicated on the flow diagrams by arrows.

(68A Stat. 631; 26 U. S. C. 5178)

(H) Section 220.256 is amended as follows:

(1) By striking from the first sentence the phrase "correctly describe and depict the distillery premises and the buildings, apparatus, and equipment thereon, to be taken over by the successor" and inserting in lieu thereof "are accurate".

(2) By striking from the second sentence the phrase "the distillery premises, and the buildings, apparatus, and equipment thereon, are correctly described and depicted on".

(3) By inserting immediately before the period at the end of the second sentence the words "are accurate".

(I) Section 220.264 is amended by inserting, immediately after the first sentence, the following new sentence: "The assistant regional commissioner may require the distiller to submit drawings, photographs, or diagrams of such proposed change, if deemed necessary to accurately depict the purpose and method of the change."

(J) Section 220.267 is amended by inserting, immediately after the first sentence, the following new sentence: "The assistant regional commissioner may require the distiller to submit drawings, photographs, or diagrams of such proposed changes, if deemed necessary to accurately depict the purpose and method of the changes."

(K) Section 220.595 is amended by placing a period after the phrase "transferred in sealed conveyances" in the third sentence, which begins "If the applicant", and striking the remainder of the sentence.

(L) Section 220.611 is amended as follows:

(1) By changing the headnote to read: "*Certificate of removal.*"

(2) By inserting in the first sentence, immediately after the phrase "removal of the spirits", the phrase "in containers other than packages".

(3) By inserting immediately after the second sentence the following new sentence: "If the spirits are transferred in packages the distiller shall certify on all copies of Form 236 as to the accuracy of the description of the packages and the removal thereof, and if the spirits are contained in a conveyance sealed with Government cap seals the storekeeper-gauger will note on Form 236 the serial numbers of the cap seals used."

(4) By striking from the third sentence, which begins "He will retain", the word "He" and inserting in lieu thereof the words "The storekeeper-gauger".

(M) Section 220.612 is amended by placing a period after the phrase "transferred in sealed conveyances" in the third sentence, which begins "If the applicant", and striking the remainder of the sentence.

(N) Section 220.619 is amended as follows:

(1) By changing the headnote to read: "*Certificate of removal.*"

(2) By inserting in the first sentence, immediately after the phrase "removal of the spirits", the phrase "in containers other than packages".

(3) By inserting immediately after the second sentence the following new sentence: "If the spirits are transferred in packages the distiller shall certify on all copies of Form 236 as to the accuracy of the description of the packages and the removal thereof, and if the spirits are contained in a conveyance sealed with Government cap seals the storekeeper-gauger will note on Form 236 the serial numbers of the cap seals used."

(4) By striking from the third sentence, which begins "He will retain", the word "He" and inserting in lieu thereof the words "The storekeeper-gauger".

PAR. 2. 26 CFR (1954) Part 221, Production of Brandy, is amended as follows:

(A) Section 221.179 is amended by striking the phrase "plans of the buildings, apparatus, and equipment thereon," and inserting in lieu thereof the phrase "flow diagrams (plans) of the distillery operations,".

(B) Section 221.215 is amended to read as follows:

§ 221.215 *General requirements.* Every person intending to engage in the business of a fruit distiller must, as provided in § 221.179, file an accurate plat of the distillery premises, and flow diagrams (plans) of the distillery operations, in triplicate, with the assistant regional commissioner. The assistant regional commissioner may require the submission of other plans, including floor and elevational plans, when he deems such plans necessary to adequately depict any part of the premises or any details of construction or equipment.

(68A Stat. 631, 917; 26 U. S. C. 5178, 7805)

(C) Section 221.216 as amended as follows:

(1) By changing the second sentence, which begins "The cardinal points", to read: "The cardinal points of the compass must appear on each sheet of any plat."

(2) By changing the sixth sentence, which begins "The dimensions", to read: "The dimensions of plat and plan sheets shall be 15 by 20 inches, outside measurement, with a clear margin of at least 1 inch on each side of the drawing, lettering, and writing: *Provided*, That the assistant regional commissioner may authorize the use of sheets which exceed these dimensions, if they can be folded to the 15-inch by 20-inch dimensions to permit the fastening of the sheets to a file by the top margin (20-inch dimension) in such a manner that they may be reviewed without removal from the file and will not unfold when the file is suspended in a cabinet."

(3) By changing the period at the end of the last sentence to a colon and adding the following: "*Provided*, That reproduction by other equally suitable methods may be approved by the assistant regional commissioner."

(D) Section 221.219 is revoked.

(E) Section 221.220 is amended to read as follows:

§ 221.220 *Flow diagrams.* Flow diagrams (plans) shall be submitted covering the distilling systems. The flow diagrams must reflect the description of each production process listed in the statement of process required by § 221.180. Such flow diagrams shall clearly depict equipment in its relative operating sequence, with essential connecting pipelines and valves. The flow diagrams must show the flow of the distilling material through the measuring tank, stills, doublers, try boxes, and other essential equipment, and the deposit of the finished brandy in the receiving tanks. Such equipment as pumps, pressure regulators, weirs, or rotometers need not be shown. All major equipment must be identified as to number and use. The direction of the flow of brandy through the pipeline must be indicated on the flow diagrams by arrows.

(68A Stat. 631; 26 U. S. C. 5178)

(F) Section 221.221 is amended to read as follows:

§ 221.221 *Pipelines in colors.* The pipelines required to be shown on the

plat and plans must be depicted in the colors in which they are painted, as prescribed by § 221.136.

(G) Section 221.222 is amended to read as follows:

§ 221.222 *Pipelines exempted.* Utility service lines, such as sewers and electric or gas conduits or pipes, and sprinkler, refrigeration, or heating systems which have no connection with the distilling equipment or any apparatus or pipeline connected therewith, need not be shown on plans.

(68A Stat. 631; 26 U. S. C. 5178)

(H) Section 221.261 is amended as follows:

(1) By striking from the first sentence the phrase "correctly describe and depict the distillery premises and the buildings, apparatus, and equipment thereon, to be taken over by the successor" and inserting in lieu thereof "are accurate".

(2) By striking from the second sentence the phrase "the distillery premises, and the buildings, apparatus, and equipment thereon, are correctly described and depicted on".

(3) By inserting immediately before the period at the end of the second sentence the words "are accurate".

(I) Section 221.270 is amended by inserting, immediately after the first sentence, the following new sentence: "The assistant regional commissioner may require the distiller to submit drawings, photographs, or diagrams of such proposed change, if deemed necessary to accurately depict the purpose and method of the change."

(J) Section 221.273 is amended by inserting, immediately after the first sentence, the following new sentence: "The assistant regional commissioner may require the distiller to submit drawings, photographs, or diagrams of such proposed changes, if deemed necessary to accurately depict the purpose and method of the changes."

(K) Section 221.595 is amended by placing a period after the phrase "transferred in sealed conveyances" in the third sentence, which begins "If the applicant", and striking the remainder of the sentence.

(L) Section 221.611 is amended as follows:

(1) By changing the headnote to read: "*Certificate of removal.*"

(2) By inserting in the first sentence, immediately after the phrase "removal of the brandy", the phrase "in containers other than packages".

(3) By inserting immediately after the second sentence the following new sentence: "If the brandy is transferred in packages the distiller shall certify on all copies of Form 236 as to the accuracy of the description of the packages and the removal thereof, and if the brandy is contained in a conveyance sealed with Government cap seals the storekeeper-gauger will note on Form 236 the serial numbers of the cap seals used."

(4) By striking from the third sentence, which begins "He will retain", the word "He" and inserting in lieu thereof the words "The storekeeper-gauger".

(M) Section 221.612 is amended by placing a period after the phrase "transferred in sealed conveyances" in the third sentence, which begins "If the applicant", and striking the remainder of the sentence.

(N) Section 221.619 is amended as follows:

(1) By changing the headnote to read: "*Certificate of removal.*"

(2) By inserting in the first sentence, immediately after the phrase "removal of the brandy", the phrase "in containers other than packages".

(3) By inserting immediately after the second sentence the following new sentence: "If the brandy is transferred in packages the distiller shall certify on all copies of Form 236 as to the accuracy of the description of the packages and the removal thereof, and if the brandy is contained in a conveyance sealed with Government cap seals the storekeeper-gauger will note on Form 236 the serial numbers of the cap seals used."

(4) By striking from the third sentence, which begins "He will retain", the word "He" and inserting in lieu thereof the words "The storekeeper-gauger".

PAR. 3. 26 CFR (1954) Part 225, Warehousing of Distilled Spirits, is amended as follows:

(A) Section 225.51 is amended by striking from the proviso of the first sentence the words "not more than two" and inserting in lieu thereof the word "communicating".

(B) Section 225.52 is amended by changing the period at the end of the first sentence to a colon and adding the following: "*Provided*, That in any area or locality where commercial internal revenue bonded warehouse facilities are not available and it is impracticable to have a warehouse of 5,000 barrels or more capacity in the locality, and the necessity for establishment is shown, the Director, Alcohol and Tobacco Tax Division, may authorize the establishment of a warehouse without regard to such minimum storage requirements."

(C) Section 225.72 is amended as follows:

(1) By changing the fourth sentence, which begins "No door, window," to read as follows: "The assistant regional commissioner may authorize such communicating doors to the storage portion of the warehouse and such openings for use in transferring empty cases from the empty container storeroom as may be necessary for efficient operation of the bottling-in-bond department when, in his opinion, such doors and openings do not constitute a jeopardy to the revenue."

(2) By inserting immediately after the fifth sentence, which begins "Communicating doors", the following new sentence: "Any opening in the wall or partition separating the bottling-in-bond department from the empty container storeroom must be provided with a substantial door or other suitable closure equipped for locking in the inside of the bottling-in-bond department and must be kept locked except while being used."

(3) By striking from the last sentence the words "boarded or bricked up" and inserting in lieu thereof the word "closed".

(D) Section 225.155 is amended by changing the third sentence, which begins "The applicant", to read as follows: "The applicant in such case shall submit with the application sworn statements from distillers respecting their intentions to deposit spirits in the warehouse, and from other persons respecting their intentions to store spirits in the warehouse, and showing the estimated quantities proposed to be deposited or stored therein and the frequency of withdrawals therefrom."

(E) Section 225.166 is amended by striking the phrase "an accurate plat of the warehouse premises and accurate plans of the buildings, apparatus and equipment" and inserting in lieu thereof the phrase "plat and plans".

(F) Section 225.220 is amended to read as follows:

§ 225.220 *General requirements.* Every person intending to engage in business as the proprietor of an internal revenue bonded warehouse must, as provided in § 225.166, file an accurate plat of the warehouse premises, in triplicate, with the assistant regional commissioner. Where the warehouse consists of, or includes, only a portion of a building, floor plans for each floor of such portion must be filed, in triplicate, with the assistant regional commissioner. Where a bottling-in-bond department is to be established, floor plans of the bottling-in-bond department must be filed. The assistant regional commissioner may require the submission of other plans, including floor plans and elevational drawings, when he deems such plans necessary to adequately depict any part of the premises or any details of construction or equipment.

(68A Stat. 643; 26 U. S. C. 5231)

(G) Section 225.221 is amended as follows:

(1) By striking from the second sentence the words "except those of elevational plans".

(2) By changing the period at the end of the sixth sentence, which begins "The dimensions", to a colon and adding the following: "*Provided*, That the assistant regional commissioner may authorize the use of sheets which exceed these dimensions, if they can be folded to the 15-inch by 20-inch dimensions to permit the fastening of the sheet to a file by the top margin (20-inch dimension) in such a manner that they may be reviewed without removal from the file and will not unfold when the file is suspended in a cabinet."

(3) By changing the period at the end of the last sentence to a colon and adding the following: "*Provided*, That reproduction by other equally suitable methods may be approved by the assistant regional commissioner."

(H) Section 225.224 is amended to read as follows:

§ 225.224 *Floor plans.* The plans shall consist of a floor plan of the bottling-in-bond department (if any) or where the warehouse consists of, or includes, only a portion of a building, each floor of such portion, showing the general dimensions of the rooms or floors, and the location of all doors, windows,

and other openings, and how such openings are protected. If the construction of all floors in a single building, required to be depicted on plans, is identical, a typical floor plan may be filed in lieu of a separate plan (required under this section and § 225.220) for each floor. The floor plans for a bottling-in-bond department must show all tanks and equipment used in connection with the receipt, gauging, and bottling of distilled spirits and their exact location and designated use. Serial numbers and capacities of all tanks shall also be shown.

(68A Stat. 643, 645; 26 U. S. C. 5231, 5243)

(I) Section 225.225 is revoked.

(J) Section 225.226 is amended by striking the words "must be shown on the plans" and inserting in lieu thereof the words "required to be shown on the plat or plans must be depicted".

(K) Section 225.227 is amended to read as follows:

§ 225.227 *Pipelines exempted.* Utility service lines, such as sewers and electric or gas conduits or pipes, and sprinkler, refrigeration, or heating systems which have no connection with equipment used for spirits, need not be shown on the plans.

(68A Stat. 643; 26 U. S. C. 5231)

(L) Section 225.250 is amended as follows:

(1) By striking from the first sentence the phrase "correctly describe and depict the warehouse premises and the buildings, apparatus and equipment thereon, to be taken over by the successor" and inserting in lieu thereof "are accurate".

(2) By striking from the second sentence the phrase "the warehouse premises and the buildings, apparatus, and equipment thereon are clearly described and depicted on".

(3) By inserting immediately before the period at the end of the second sentence the words "are accurate".

(M) Section 225.261 is amended by inserting, immediately after the first sentence, the following new sentence: "The assistant regional commissioner may require the warehouseman to submit drawings, photographs, or diagrams of such proposed change, if deemed necessary to accurately depict the purpose and method of the change."

(N) Section 225.262 is amended by inserting, immediately after the first sentence, the following new sentence: "The assistant regional commissioner may require the warehouseman to submit drawings, photographs, or diagrams of such proposed changes, if deemed necessary to accurately depict the purpose and method of the changes."

(O) Section 225.280 is amended as follows:

(1) By striking the words "his real name or the trade name", and inserting in lieu thereof the words "the name (real or trade)".

(2) By inserting immediately after the words "in which the warehouse is" the words "qualified and".

(3) By inserting immediately after the words "he may bottle" the word "any".

(P) Section 225.309 is amended by adding at the end of item (a) in the first sentence the following: "unless the Director, Alcohol and Tobacco Tax Division, has authorized its establishment exempt from these minimum storage requirements, as provided in § 225.52,".

(Q) By inserting a new section, reading as follows, immediately after § 225.351:

§ 225.351a *Proprietor's schedule of operations.* The proprietor shall furnish daily to the storekeeper-gauger in charge a schedule of operations for the next succeeding work day. This schedule shall show all activities which require the immediate supervision or attention of a storekeeper-gauger, such as, the approximate number of containers of spirits to be received and withdrawn (identify kinds of withdrawals), the quantity of spirits to be bottled in bond, bulk regauge and taxpayment operations, the time and approximate number of packages to be recoopered, number and quantity of samples to be taken, number of containers to be filled from storage tanks or consolidation tanks, and repairs which will involve the breaking or replacing of seals or the manipulation of Government locks.

(R) Section 225.353 is amended by inserting in the first sentence, immediately after the phrase "equipped for locking", the parenthetical phrase "(if required by this part)".

(S) Section 225.358 is amended to read as follows:

§ 225.358 *Supervision of operations.* In all instances where immediate supervision by the storekeeper-gauger of any operation is not required by this part the storekeeper-gauger shall, from time to time, make spot checks of the operations being conducted by the warehouseman to satisfy himself of the propriety of the operation. Where the storekeeper-gauger finds significant discrepancies in entries or records made by the warehouseman, the marks or brands required to be placed on any container, or finds any operation being conducted contrary to the provisions of this part, the warehouseman shall take such corrective action as may be required by the storekeeper-gauger.

(68A Stat. 644; 26 U. S. C. 5241)

(T) By inserting a new section, reading as follows, immediately after § 225.358:

§ 225.358a *Inspection of packages in storage.* The assistant regional commissioner will, from time to time, assign internal revenue officers for the purpose of inspecting packages of distilled spirits to determine the extent of tampering or losses through theft.

(U) Section 225.373 is amended by striking from the fourth sentence, which begins "The storekeeper-gauger", the word "storekeeper-gauger" and inserting in lieu thereof the word "warehouseman".

(V) Section 225.376 is revoked.

(W) Section 225.378 is amended by striking from the last sentence the word "immediate".

(X) Section 225.380 is amended to read as follows:

§ 225.380 *From distillery not on the same or contiguous premises or from another warehouse.* When spirits are received from a distillery not on the same or contiguous premises or from another internal revenue bonded warehouse for deposit, the warehouseman will examine and weigh each package and enter the weight on Form 1520 or Form 1619, as the case may be, except as follows:

(a) The weighing of packages will not be required where spirits are transferred in bond in conveyances sealed with Government cap seals in accordance with the provisions of § 225.732 and the conveyances are received with such seals intact;

(b) The weighing of packages will not be required where spirits are received from a distillery or warehouse, operated by the consignee or an affiliate or subsidiary of the consignee, in the immediate vicinity and the location of both premises is such that the transfer can be under observation of the internal revenue officers; and

(c) The requirement for weighing of packages, subsequent to transfer in unsealed conveyances, may be waived by the assistant regional commissioner, upon authorization by the Director, Alcohol and Tobacco Tax Division, pursuant to a written application filed with the assistant regional commissioner by the warehouseman, if it is found that, due to the proximity of the premises or other attendant conditions, the revenue would not be jeopardized. Where packages are received without weighing the warehouseman will so indicate in the appropriate column on Form 1520 or 1619. If weighing is not required the warehouseman may elect to weigh the packages and enter the receiving gross weights on Form 1520 or 1610. When conveyances are received upon which the Government cap seals are not intact, or if packages bear evidence of damage in transit, the warehouseman will weigh each package under the supervision of the storekeeper-gauger. The warehouseman shall report the receipt of packages in unsealed conveyances to the storekeeper-gauger who shall inspect such packages and supervise the weighing thereof, except where the assistant regional commissioner has waived the requirement for weighing. Where material discrepancies between shipping and receiving weights are found or where containers bear evidence of having sustained loss in transit the storekeeper-gauger will follow the procedure prescribed in § 225.381. The procedure prescribed in § 225.382 will be followed as to spirits received in tank cars or tank trucks.

(68A Stat. 604; 26 U. S. C. 5011)

(Y) Section 225.381 is amended to read as follows:

§ 225.381 *Examination of packages.* Where packages of spirits are received bearing evidence of having sustained unusual losses in transit, or where material discrepancies are found by the comparison of the shipping weight with the receiving weight, the storekeeper-gauger will (a) examine the condition of the cooperage of each such package and (b) gauge each such package and enter the

details thereof in the appropriate columns on Form 1520 or 1619, as the case may be, and in the loss column enter the difference in weight between the amount shipped and the amount received. The storekeeper-gauger will note on the reverse of the Form 1520 or 1619 the condition of the cooperage and whether in his opinion the loss was occasioned by theft, accident, or other determinable cause. In the event the loss sustained from any package appears to have been the result of theft, such package will be detained and a report made to the assistant regional commissioner in accordance with § 225.486.

(68A Stat. 604; 26 U. S. C. 5011)

(Z) Section 225.401 is amended by striking from the fifth sentence, which begins "The cases may", the phrase ", and kept arranged in serial order".

(AA) Section 225.406 is amended to read as follows:

§ 225.406 *Facilities for recoopering.* The proprietor shall provide a suitable enclosed area, in which the repair or recoopering of all packages, involving exposure of spirits, shall be conducted. The proprietor shall lock the enclosure when spirits are exposed therein unless the employee responsible for recoopering activities is present: *Provided*, That locking of the enclosure is not required if the spirits have been deposited in locked containers. The facilities to be used must be so arranged and the work so performed that supervision by storekeeper-gaugers can be performed readily and expeditiously and unnecessary loss or wastage of spirits or unauthorized mingling will be prevented.

(68A Stat. 603, 634, 643; 26 U. S. C. 5193, 5194, 5231)

(BB) Section 225.407 is amended to read as follows:

§ 225.407 *Gauging.* Distilled spirits may be drawn into packages from storage tanks in accordance with this part. If the distilled spirits in the tank are found to be other than a whole degree of proof, adjustment to a whole degree shall be made by the proprietor before withdrawal into packages. Each package will be carefully gauged by the warehouseman, under the general supervision of the storekeeper-gauger, and the details thereof will be entered by the warehouseman on Form 1520: *Provided*, That where the warehouseman has indicated that packages are to be withdrawn on the original gauge the storekeeper-gauger shall, unless the packages are to be withdrawn without payment of tax for use in wine production, make such gauge and report the details thereof on Form 1520, noting thereon, "Withdraw on original gauge". When the warehouseman makes the gauge the total number of barrels shown on Form 1520 to have been filled shall be verified by him. Any cask or package which contains or has on its interior or exterior any substance that will prevent the correct ascertainment of tare shall not be used. Whenever there is a change in the specifications as to capacity and weight of cooperage, the warehouseman shall give notice to the storekeeper-gauger. The tare of the empty package will be determined and recorded on Form 1520. Weights shall be determined in pounds and one-half pounds.

(68A Stat. 633, 634; 26 U. S. C. 5193, 5194)

(CC) Section 225.408 is amended by striking from the second sentence the word "immediate".

(DD) Section 225.409 is amended by striking from the fifth sentence, which begins "All marking", the word "immediate".

(EE) Section 225.410 is amended by changing the first sentence to read: "The date of original entry for deposit and the proof of distillation of the spirits shall be noted on each copy of Form 1520."

(FF) Section 225.413 is amended by changing the third sentence, which begins "The storekeeper-gauger", to read: "The tare of the new package will be determined and will be marked on the package before transfer of the spirits."

(GG) Section 225.414 is amended by striking the word "immediate".

(HH) Section 225.415 is amended as follows:

(1) By striking the words "assistant regional commissioner" and inserting in lieu thereof the word "storekeeper-gauger".

(2) By placing a period after the phrase "spirits are stored" and striking the remainder of the sentence.

(II) Section 225.416 is amended to read as follows:

§ 225.416 *Request to storekeeper-gauger.* The request for permission to change the kind of cooperage must give the serial number of the package or packages, kind of original cooperage, kind of cooperage desired to be used, name of the distiller, registered number and location (city or town, and State) of the distillery at which the spirits were produced and the reason why the change is desired. Storekeeper-gaugers in charge may approve the request when internal revenue officers are available for necessary supervision.

(JJ) Section 225.417 is amended to read as follows:

§ 225.417 *Marking new packages.* Each new package will be given the same serial number, marks, and brands (except the tare and kind of cooperage) as the original package, and will contain only spirits from one package. The tare of the new package will be determined and will be marked on the new package before the transfer, and upon completion of the transfer the proprietor will prepare and sign a label to be affixed to the head of each new package in the manner prescribed in this part for the affixing of wholesale liquor dealer's stamps. The label shall be in the following form:

The spirits contained in this package, serial No. _____, were transferred to new _____ barrel under date of
(Kind of cooperage)
_____ by authority of letter dated _____. The package from which the spirits herein were transferred was a _____ barrel.
(Kind of cooperage)

_____
(Proprietor)

When such a change of package is made, the storekeeper-gauger will note the tare of the new package on Form 1520 or Form 1619 covering deposit of the spirits. If the new package should be transferred in bond the proprietor will make a notation on the transfer Form 1619 showing the date of the change of package and the tare of the new package.

(KK) Section 225.433 is amended by striking from the first sentence the phrase "and the spirits shall be transferred under the supervision of the storekeeper-gauger" and inserting in lieu thereof the phrase "and may then effect the transfer".

(LL) Section 225.485 is amended by striking the third, fourth, fifth, sixth, and seventh sentences.

(MM) By inserting a new section, reading as follows, immediately after § 225.485:

§ 225.485a. *Losses determined on warehouse inspection or at time of recoopering.* Where a package or other container which has sustained an unusual loss from obvious cause other than theft or unauthorized voluntary destruction is found on warehouse inspection or where an unusual loss is determined at the time of recoopering, the warehouseman shall make a report of gauge on Form 1698. A copy of the form will be securely attached to the package and two copies will be delivered to the storekeeper-gauger. When Form 1698 is prepared by the warehouseman for any package the new gross weight, date, and the serial number of the Form 1698 will be noted by the storekeeper-gauger on the deposit form.

(68A Stat. 604; 26 U. S. C. 5011)

(NN) Section 225.536 is amended as follows:

(1) By inserting immediately after the word "removed" in item (d) the following phrase: "and specific information as to the location of the package or packages in the warehouse".

(2) By striking immediately before item (k) the word "and".

(3) By changing the period at the end of the last sentence to a comma and adding the following: "and (l) the approximate time the samples will be taken."

(OO) Section 225.537 is amended by striking from the last sentence the phrase "(j) and (k)" and inserting in lieu thereof the phrase "and (j) through (l)".

(PP) Section 225.540 is amended to read as follows:

§ 225.540 *Removal under supervision.* The removal of samples will be subject to the supervision of the storekeeper-gauger.

(68A Stat. 667; 26 U. S. C. 5373)

(QQ) Section 225.541 is amended as follows:

(1) By changing the period at the end of the third sentence, which begins "The proprietor" to a semicolon and adding the following: "(i) the words 'Subject to taxpayment' where the label is to be placed upon a sample taken subject to payment of tax."

(2) By changing the fourth and fifth sentences, which begin "Upon completion," and "Where the label", respectively, to read: "Such label and copy shall be signed and dated by the employee responsible for taking the sample and immediately above the signature there will appear the following statement: 'I certify that this sample was taken in the quantity and from the package described above and from no other package.' The employee shall affix the label to the sample container and give the copy to the storekeeper-gauger."

(RR) Section 225.542 is amended by striking from the last sentence the phrase "At the time of preparing Form 1520 or Form 1619 covering the" and inserting in lieu thereof the word "Upon".

(SS) Section 225.562 is amended as follows:

(1) By striking from the first sentence the words "to be".

(2) By striking the last sentence.

(TT) Section 225.563 is amended to read as follows:

§ 225.563 *Preparation of withdrawal reports by storekeeper-gauger.* When spirits are withdrawn from a storage tank in an internal revenue bonded warehouse into packages which are to be withdrawn on the original gauge (except packages to be withdrawn without payment of tax for use in wine production), when spirits are removed by pipeline or in tank cars or tank trucks, or when spirits are taxpaid in gauge tanks, the storekeeper-gauger will prepare and complete the Form 1520 in accordance with the instructions in this part.

(68A Stat. 639, 649; 26 U. S. C. 5215, 5250)

(UU) Section 225.565 is amended to read as follows:

§ 225.565 *Withdrawal on original gauge.* Distilled spirits in packages, tank cars, or tank trucks, except as provided in §§ 225.491 and 225.912, may be withdrawn from an internal revenue bonded warehouse on the original gauge if such gauge was made by a storekeeper-gauger. Where the gauge was made pursuant to notification from the distiller or warehouseman, as the case may be, that the spirits would be withdrawn on the original gauge, and the deposit forms for such spirits bear the notification "Withdrawal on the original gauge"; the spirits must be withdrawn on the original gauge unless permission for a regauge is first obtained from the assistant regional commissioner.

(68A Stat. 647; 26 U. S. C. 5245)

(VV) Section 225.571 is amended to read as follows:

§ 225.571 *Weighing packages.* During the process of weighing, care will be taken to note the correct reading of the scale to the half pound and in case of doubt as to which graduation shall apply, the graduation denoting the lesser weight will prevail.

(68A Stat. 639; 26 U. S. C. 5212)

(WW) Section 225.572 is amended by striking the first and second sentences and inserting in lieu thereof the following new sentences: "The proof of spirits shall be determined in accordance with the instructions set forth in the Gauging Manual (Part 186 of this title). The storekeeper-gauger shall determine, or verify, as the case may be, the proof of all spirits gauged."

(XX) Section 225.573 is revoked.

(YY) Section 225.576 is amended by striking the second sentence, which begins "The spirits", and inserting in lieu thereof the following new sentence: "The spirits will be carefully gauged and the details entered on the report of gauge as provided in this part."

(ZZ) Section 225.580 is amended as follows:

§ 225.580 *Pipeline removals.* Pipelines used for the transfer of spirits to qualified establishments on the same or contiguous premises, or to tank cars or tank trucks for shipment, must conform to the requirements of § 225.124, except that the spirits may be transferred into or from a tank car or tank truck by means of a hose connection where the operation can be under the observation of an internal revenue officer. The valves on such pipelines shall be kept closed and locked, except during the transfer of spirits, which transfer shall be under the supervision of an internal revenue officer.

(68A Stat. 599, 634, 636; 26 U. S. C. 5006, 5194, 5195)

(AAA) Section 225.590 is amended as follows:

(1) By inserting in the first sentence, immediately after the words "will be determined", the phrase ", under the supervision of the storekeeper-gauger,".

(2) By striking the second sentence, which begins "The storekeeper-gauger".

(BBB) Section 225.601 is amended by striking from the third sentence, which begins "If the", the words "entered in columns 11 and 12" and inserting in lieu thereof the words "shown on Form 1520".

(CCC) Section 225.630 is amended as follows:

(1) By changing the comma following the phrase "stated on Form 179" in the second sentence, which begins "Where the spirits", to a period and striking the remainder of the sentence.

(2) By striking from the fourth sentence, which begins "Where the capacity", the phrase "a separate Form 1520 must be prepared for each such gauging tank listing the packages to be gauged therein, and".

(3) By striking from the last sentence the phrase "in accordance with §§ 225.632 to 225.636".

(DDD) Section 225.632 is amended as follows:

(1) By changing the first sentence to read as follows: "If the spirits to be withdrawn are in packages, the storekeeper-gauger, upon receipt of the Form 179, will carefully examine each package and will verify the identity of the spirits."

(2) By inserting immediately after the second sentence, which begins "Where it is", the following new sentence: "The storekeeper-gauger will satisfy himself that each package which does not bear such evidence has been dumped into the gauging tank."

(3) By changing the tenth sentence, which begins "The spirits in", to read as follows: "The spirits in the gauging tank will be gauged with an official hydrometer and the details of the gauge and the number of the gauging tank shall be entered by the storekeeper-gauger on Form 1520, in quintuplicate."

(4) By inserting immediately after the tenth sentence the following new sentence: "A separate Form 1520 must be prepared by the storekeeper-gauger for each gauging tank."

(EEE) Section 225.637 is amended by striking from the second sentence, which begins "The removal of", the word "immediate".

(FFF) Section 225.675 is amended by placing a period after the phrase "provisions of §§ 225.642 and 225.643" in the first sentence and striking the remainder of the sentence.

(GGG) Section 225.732 is amended as follows:

(1) By inserting in the first sentence immediately after the words "weighing of spirits" the words "prior to transfer or".

(2) By inserting in the third sentence, which begins "If the conveyance", immediately after the words "packages at the" the words "consignor and".

(HHH) Section 225.733 is amended by placing a period after the phrase "transferred in sealed conveyances" in the third sentence, which begins "If the applicant", and striking the remainder of the sentence.

(III) Section 225.735 is amended to read as follows:

§ 225.735 *Transfers in packages.* When the proprietor of the shipping warehouse desires to make shipment of spirits in packages, he will prepare an original and five copies of Form 1619 filling in the heading and giving details as to serial numbers, date of original entry for deposit, original gauge and last gauge (if other than the original) and will identify any packages designated to be withdrawn on the original gauge by the notation "Withdraw on original gauge". In the case of blended brandies the proprietor shall also show on Form 1619 the date and serial number of the Form 1685 covering the blending of the brandies, the date of the original entry of the oldest brandy in the blend and the date of the original entry of the youngest brandy in the blend. The proprietor shall execute on the six copies of Form 236 a description of the packages to be transferred. If the proprietor elects to ship the packages in a Government-sealed conveyance when the consignee-warehouseman has not previously requested a sealed conveyance as provided by § 225.733, he should indicate on Form 236 that the packages are to be transferred in sealed conveyances; otherwise the proprietor should indicate that the packages are to be shipped in unsealed conveyances. The weighing of packages is not required where the spirits are transferred in conveyances sealed with Government cap seals, or where the spirits are to be transferred to an internal revenue bonded warehouse operated by the consignor or an affiliate or subsidiary of the consignor in the immediate

vicinity and so located that the transfer can be under observation by internal revenue officers; however, if the warehouseman elects to weigh such packages he will enter the shipping gross weights on Form 1619. Where packages are to be shipped in conveyances not sealed with Government cap seals the warehouseman will examine and weigh each package under the supervision of the storekeeper-gauger and enter the shipping gross weight on Form 1619. Where it is determined by the warehouseman or the storekeeper-gauger that any package bears evidence of unusual loss that cannot be satisfactorily explained, or of tampering, such package will be detained pending further investigation in accordance with the applicable provisions of §§ 225.480 to 225.495. Where a package which has sustained an unusual loss from obvious cause other than theft or unauthorized voluntary destruction is found upon preparation for transfer, the package will be weighed and proofed by the storekeeper-gauger and the apparent cause noted on Form 1619. The quantity to be transferred shall not exceed the maximum stated in the application. Upon withdrawal for transfer to noncontiguous premises, the word "Transferred" followed by the date of transfer, the number of the receiving warehouse, and the State in which such warehouse is located, will be plainly and durably stenciled on the Government head of the package in letters and figures not less than one-half inch in height. These marks may be abbreviated as follows:

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Upon completion of the lading of the packages and the preparation of Forms 236 and 1619 the proprietor will deliver all copies of each form to the storekeeper-gauger. Forms 236 and 1619 will be disposed of in accordance with the provisions of § 225.750.

(68A Stat. 606, 647; 26 U. S. C. 5023, 5246)

(JJJ) Section 225.738 is amended as follows:

(1) By changing the first sentence to read as follows: "When the proprietor desires to transfer spirits in packages, tank cars, or tank trucks, to be filled from warehouse storage tanks, he will deliver a copy of Form 236 with a complete description of the spirits to the storekeeper-gauger in charge of the warehouse."

(2) By changing the second sentence, which begins "Upon receipt", to read: "Upon receipt of the Form 236 the spirits designated to be transferred will be drawn into packages, gauged (as provided in § 225.407), marked, and branded, or run into a gauging tank, gauged (by the storekeeper-gauger), and conveyed by pipeline into a railroad tank car or tank trucks, constructed and marked as provided in this subpart."

(3) By changing the third sentence, which begins "The storekeeper-gauger", to read: "The proof at which the spirits were distilled shall be noted on the original and five copies of Form 1520 covering the report of gauge."

(4) By inserting in the fifth sentence, which begins "The storekeeper-gauger in charge", immediately after the words "six copies of Form 1520", the parenthetical phrase "(except when Form 1520 was prepared by the proprietor as provided in § 225.407)".

(KKK) Section 225.747 is amended as follows:

(1) By striking the first and second sentences and inserting in lieu thereof the following new sentence: "Tank cars or tank trucks will be filled under the supervision of the storekeeper-gauger."

(2) By striking the fourth sentence, which begins "The officer" and inserting in lieu thereof the following new sentence: "The level of the spirits above or below the full mark for each compartment, and the temperature of the spirits at filling will be entered on Form 1520, for example: 'Filled two inches above full mark at 80° F.'"

(LLL) Section 225.750 is amended as follows:

(1) By changing the headnote to read: *"Certificate of removal."*

(2) By inserting in the first sentence immediately after the words "of the spirits" the phrase "in containers other than packages".

(3) By inserting immediately after the first sentence the following new sentence: "If spirits are transferred in packages the warehouseman shall certify on all copies of Form 236 as to the accuracy of the description of the packages and the removal thereof, and if the spirits are contained in a conveyance sealed with Government cap seals the storekeeper-gauger will note on Form 236 the serial numbers of the cap seals used."

(MMM) Section 225.751 is amended as follows:

(1) By changing the headnote to read: *"Receipt of spirits at warehouse."*

(2) By striking the first three sentences and inserting in lieu thereof the following new sentences: "Upon receipt of the spirits at the receiving warehouse, losses or discrepancies will be ascertained and noted on Form 1520, 1619, or 1620, as the case may be, as provided in §§ 225.381, 225.382, and 225.384. The warehouseman will examine and weigh packages of spirits as provided in § 225.380 and will execute the certificate of receipt and deposit on Form 236. If the spirits are contained in a conveyance sealed with Government cap seals the storekeeper-gauger will indicate on all copies of Form 236 whether the conveyance was received with the seals intact and if the spirits are received in containers other than packages will execute the certificate of receipt and deposit."

(NNN) Section 225.752 is amended by placing a period after the phrase "transferred in sealed conveyances" in the third sentence, which begins "If the applicant", and striking the remainder of the sentence.

(OOO) Section 225.755 is amended as follows:

(1) By changing the headnote to read: *"Certificate of removal."*

(2) By inserting in the first sentence immediately after the words "of the spirits" the phrase "in containers other than packages".

(3) By inserting immediately after the first sentence the following new sentence: "If spirits are transferred in packages the warehouseman shall certify on all copies of Form 236 as to the accuracy of the description of the packages and the removal thereof, and if the spirits are contained in a conveyance sealed with Government cap seals the storekeeper-gauger will note on Form 236 the serial numbers of the cap seals used."

(PPP) Section 225.756 is amended as follows:

(1) By changing the headnote to read: *"Receipt of spirits at warehouse."*

(2) By striking the first three sentences and inserting in lieu thereof the following new sentences: "Upon receipt of the spirits at the receiving warehouse, losses or discrepancies will be ascertained and noted on Form 1520, 1619, or 1620, as the case may be, as provided in §§ 225.381, 225.382, and 225.384. The warehouseman will examine and weigh packages of spirits as provided in § 225.380 and will execute the certificate of receipt and deposit on Form 236. If the spirits are contained in a conveyance sealed with Government cap seals the storekeeper-gauger will indicate on all copies of Form 236 whether the conveyance was received with the seals intact and if the spirits are received in containers other than packages will execute the certificate of receipt and deposit."

(QQQ) Section 225.912 is amended as follows:

(1) By inserting immediately after the words "officer to gauge" in the fourth sentence, which begins "Where no storekeeper-gauger", the parenthetical phrase "(when necessary)".

(2) By changing the seventh sentence, which begins "If the packages", to read: "Packages filled at a distillery or filled in an internal revenue bonded warehouse from storage tanks may be withdrawn on the basis of the gauge made at the time of filling."

(3) By striking from the eighth sentence, which begins "The proprietor will", the phrase "the proof and tare ascertained at the time of withdrawal,".

(4) By striking the last sentence.

(RRR) Section 225.935 is amended by striking from the first sentence the word "immediate".

(SSS) Section 225.951 is amended as follows:

(1) By changing the comma following the word "quadruplicate" in the first sentence to a period and striking the remainder of the sentence.

(2) By changing the second sentence, which begins "Upon receipt", to read: "Upon receipt of the application the storekeeper-gauger will satisfy himself that the spirits are eligible for bottling in bond and will inspect the packages."

(3) By striking from the fifth sentence, which begins "The packages", the words "and weighed".

(4) By striking the last sentence.

(TTT) Section 225.952 is amended to read as follows:

§ 225.952 *Gauge.* Packages of distilled spirits to be bottled in bond may

be (a) dumped and gauged in the storage portion of the warehouse, (b) dumped in the storage portion of the warehouse and transferred to the bottling-in-bond department for gauging, or (c) removed to the bottling-in-bond department, dumped, and gauged. If the spirits are to be gauged and transferred to the bottling-in-bond department by pipeline, the packages will be dumped in the bulk gauge tank in the warehouse. The storekeeper-gauger will make his gauge of the spirits, report the details thereof on Form 1520, in triplicate, and complete his report on Form 1515. The storekeeper-gauger will also enter on Form 1520 the number of the gauging tank. If the spirits are to be removed in packages to the bottling-in-bond department or are to be gauged after receipt by pipeline in the bottling-in-bond department, the storekeeper-gauger in the warehouse will complete his certificate of removal for bottling on Form 1515. When the spirits have been released for transfer to a bottling-in-bond department, all copies of the application and the Form 1520, if gauged in a warehouse gauging tank, will be furnished to the storekeeper-gauger assigned to the bottling-in-bond department in order that such officer may inspect the spirits prior to the bottling thereof. If the spirits are received in the bottling-in-bond department in packages, they will be dumped for bulk gauging in dumping and reducing or in bottling tanks. Where the spirits are transferred to the bottling-in-bond department by pipeline prior to gauging they will be deposited in dumping and reducing or in bottling tanks. The storekeeper-gauger will make his gauge, either by weight or by volume, and will report the gauge on Forms 1520 and 1515 in the same manner as if the spirits had been gauged in the warehouse. He will at that time return the original of the Form 1520 to the storekeeper-gauger in charge of the warehouse. When the bottling is completed, the storekeeper-gauger will enter the details of the cases on Form 1515, forward one copy, with the Form 1520 attached, to the assistant regional commissioner, deliver one copy of each form to the proprietor, return one copy of Form 1515 to the storekeeper-gauger in charge of the warehouse, and file the remaining copy of Form 1515 in the bottling-in-bond department. Spirits taxpaid from the bottling department shall be considered as constructively returned to the storage portion of the warehouse. The storekeeper-gauger shall account for, as deposited, on Forms 1621 and 1513, all spirits bottled. Prior to the removal of cases of distilled spirits from the bottling-in-bond department, the proprietor will prepare Form 1620, in triplicate, and submit it to the storekeeper-gauger for signature. One copy of the form will be forwarded to the assistant regional commissioner, one copy will be given to the warehouseman, and the remaining copy will be filed as a permanent record as provided in § 225.1102.

(68A Stat. 645; 26 U. S. C. 5243)

(UUU) Section 225.953 is amended by striking the period at the end of the second sentence and all of the third sentence, which begins "The proprietor", and inserting in lieu thereof the following: "and deliver all copies to the storekeeper-gauger in charge of the warehouse."

(VVV) Section 225.954 is amended as follows:

(1) By changing the first sentence to read: "Upon receipt of Form 1515 the storekeeper-gauger will examine the application and request for gauge."

(2) By striking from the last sentence the words "no discrepancies are found in the Form 1520 and".

(WWW) Section 225.955 is amended by changing the fifth sentence, which begins "Prior to", to read: "Prior to the removal of cases of spirits from the bottling-in-bond department, the proprietor will prepare Form 1620, in triplicate, and submit it to the storekeeper-gauger for signature."

(XXX) Section 225.960 is amended by inserting in the first sentence immediately after the words "tank for bottling in bond" the phrase "or which have been dumped in the warehouse but are to be gauged in the bottling-in-bond department".

(YYY) Section 225.962 is amended by striking from the first sentence the words "gauging room".

(ZZZ) Section 225.963 is amended by striking from the last sentence the words "gauging room" and inserting in lieu thereof the words "storage portion of the warehouse".

(AAAA) Section 225.964 is amended to read as follows:

§ 225.964 *Spirits in process of bottling.* The bottling of two or more lots of spirits at the same time in the same bottling room must be conducted in such a manner as to prevent any mingling of different lots of spirits, either in the filling of bottles or in the placing of the filled bottles in cases. The process of bottling will be regarded as complete when the bottled spirits have been placed in the cases and the cases closed. Outlets to bottling tanks in which spirits are contained must be locked at all times when such spirits are not in the process of being bottled. The proprietor shall not dump more spirits than can be bottled expeditiously.

(68A Stat. 645; 26 U. S. C. 5243)

(BBBB) Section 225.966 is amended by striking from the first sentence the word "immediate".

(CCCC) Section 225.972 is amended by striking from the last sentence the word "immediate".

(DDDD) Section 225.974 is amended to read as follows:

§ 225.974 *Removal of spirits bottled for domestic purposes.* On completion of bottling, the filled bottles, with labels and strip stamps properly affixed, must be placed in cases marked in accordance with Subpart OO of this part, and the filled cases then sealed, after which such cases must be immediately taxpaid and removed, removed tax-free or without payment of tax for any authorized purpose, or returned to the storage portion of the bonded warehouse: *Provided,* That the assistant regional commissioner may authorize the proprietor to remove cases temporarily sealed to the storage portion of the warehouse, pending the receipt of orders involving affixing of brand labels or State stamps or the transfer in bond to another internal revenue bonded warehouse where brand labels or State stamps will be affixed. The affixing of the bottled-in-bond strip stamps, the caution notices, and the label information required under 27 CFR Part 5 will be performed at the time of bottling and before the goods are returned to the storage portion of the warehouse. However, if all of the mandatory information required under 27 CFR Part 5 appears on the brand label in lieu of a separate label, the brand label must be affixed to the bottles before the goods are returned to the storage portion of the warehouse. When orders are received (either at the bottling warehouse or the consignee warehouse) for the spirits in cases temporarily sealed as provided in this section, the cases must be removed to the bottling-in-bond department for affixing the brand label, or the State stamp, or both: *Provided,* That the assistant regional commissioner may authorize such affixing of brand labels or State stamps, or both, in the storage portion of the warehouse where the need therefor is established, space and facilities for such activities are available, and the necessary supervision can be provided without the assignment of additional internal revenue officers. The brand label to be affixed must be covered by an appropriate certificate of label approval or a certificate of exemption from label approval required by 27 CFR Part 5. When spirits in cases temporarily sealed are removed to the bottling-in-bond department or are transferred in bond to another internal revenue bonded warehouse they must be kept apart from other spirits until the work of attaching the brand label, or State stamp, or both, and permanent sealing of the cases has been completed.

(EEEE) Section 225.985 is amended by striking the first and second sentences and inserting in lieu thereof the following new sentence: "Distilled spirits shall be bottled in bond for export in bottles containing less than 5 wine gallons."

(FFFF) Section 225.997 is amended by striking the word "quintuplicate" and inserting in lieu thereof the word "quadruplicate".

(GGGG) Section 225.1016 is revoked.

(HHHH) Section 225.1046 is amended as follows:

(1) By striking from the first sentence the words "and in no other".

(2) By inserting immediately after the first sentence the following new sentence: "When bottles containing spirits are of sizes for which stamps in the exact denominations are not provided, the warehouseman will use stamps of the denomination nearest the actual quantity of spirits contained in the bottles, and will strike out the original denomination and print or write on the stamps the exact quantity of spirits contained in the bottles."

(IIII) Section 225.1066 is amended as follows:

(1) By changing the first sentence to read: "All rebottling, relabeling, and re-

stamping of spirits must be conducted in a bottling-in-bond department under the supervision of a storekeeper-gauger: *Provided*, That the assistant regional commissioner may authorize the relabeling or restamping of spirits in the storage portion of an internal revenue bonded warehouse where the need therefor is established, space and facilities for such activities are available, and the necessary supervision can be provided without the assignment of additional internal revenue officers."

(2) By striking from the last sentence the words "where two or more complete bottling units are installed".

(JJJJ) Section 225.1103 is amended by changing the first sentence to read as follows: "When spirits are to be withdrawn, the storekeeper-gauger shall, upon presentation of the proper withdrawal form by the proprietor, secure from his file the Form 1520, 1619, or 1620, covering the deposit of the spirits, including blended brandy returned to the storage portion of the warehouse from the brandy-blending department, and except for packages transferred in bond shall verify the details of the entry gauge transcribed to the withdrawal form."

Because it is necessary to provide regulations which will enable internal revenue bonded warehouses to operate with less supervision by Government officers, it is hereby found impracticable to issue this Treasury decision subject to the effective date limitations of section 4 (c) of the Administrative Procedure Act (60 Stat. 238; 5 U. S. C. 1003 (c)). Accordingly, this Treasury decision shall be effective on the date of publication in the FEDERAL REGISTER.

(68A Stat. 917; 26 U. S. C. 7805)

[SEAL] RUSSELL C. HARRINGTON,
Commissioner.

Approved: March 21, 1956.

DAN THROOP SMITH,
Special Assistant to the Secretary of the Treasury in Charge of Tax Policy.

[F. R. Doc. 56-2258; Filed, Mar. 26, 1956; 8:51 a. m.]

[T. D. 6166]

PART 252—DRAWBACK ON LIQUORS EXPORTED

EXPORTATION OF TAXPAID BEER

On September 23, 1955, a notice of proposed rulemaking with respect to amendment of regulations in 26 CFR (1954) Part 252 was published in the FEDERAL REGISTER (20 F. R. 7136).

The purpose of this proposal was to effect administrative decisions (1) to permit persons other than brewers to export taxpaid beer, retaining the provision that the brewer of such beer shall file the claim for drawback of tax thereon, and (2) to simplify certain requirements governing the marking of containers. After consideration of all relevant matter presented by interested persons relating to the rules proposed, the amendments to 26 CFR (1954) Part 252 set forth below are hereby adopted:

PARAGRAPH 1. Section 252.151 is amended to read as follows:

§ 252.151 *Authorized withdrawals.* Taxpaid beer, brewed or produced in the United States, may be withdrawn by the owner of the beer from a brewery or any other place of storage for exportation or for use as supplies on vessels or aircraft. Claim for drawback of taxes found to have been paid may be filed only by the producing brewer or his duly authorized agent.

PAR. 2. Section 252.152 is amended as follows:

(A) By striking, in the first sentence, the words: "Entry No. ___," and, "and the port of exporation"; and

(B) By striking the second sentence which begins: "The entry number assigned".

PAR. 3. The undesignated center heading preceding § 252.153 and § 252.153 are amended to read as follows:

CLAIM REQUIRED

§ 252.153 *Beer exported, deposited in foreign-trade zones, or used as supplies on vessels or aircraft.* Claim for allowance of drawback of internal revenue taxes on beer brewed or produced in the United States shall be prepared on Form 1582–B as required in this subpart.

PAR. 4 The undesignated center heading preceding § 252.154 and § 252.154 are amended to read as follows:

EXECUTION OF CLAIM

§ 252.154 *Withdrawals of beer by brewer from brewery.* When taxpaid beer is removed from a brewery for exportation, for lading as supplies on vessels or aircraft, or for deposit in a foreign-trade zone, the brewer will execute part 1 and part 3 of Form 1582–B, in triplicate. Each Form 1582–B shall be given a serial number beginning with "1" for the first day of January of each year and running consecutively thereafter to December 31, inclusive. Upon removal of the beer for shipment the brewer will immediately file one copy of Form 1582–B with the assistant regional commissioner of the region in which the producing brewery is located, and:

(a) Immediately forward the original and one copy of Form 1582–B to the collector of customs at the port of export; or,

(b) In the case of shipments to the Armed Services of the United States for export, immediately forward the original and one copy of Form 1582–B to the commanding or supply officer to whom the shipment is consigned; or,

(c) In the case of shipments to a foreign-trade zone, immediately forward the original and one copy of Form 1582–B to the customs officer in charge of the foreign-trade zone.

Where the brewer operates more than one brewery in different regions, the brewer will file the copy of Form 1582–B on which the claim for drawback is executed with the assistant regional commissioner of the region in which the principal office of the brewery is located.

PAR. 5. Immediately following § 252.154, a new § 252.154a is added, which reads as follows:

§ 252.154a *Removals of beer by agent on behalf of brewer.* Where proper power of attorney authorizing an agent to execute a claim on behalf of the brewer has been filed on Form 1534 with the assistant regional commissioner, such agent may remove taxpaid beer from the brewery where produced or from its place of storage elsewhere, and execute part 1 and part 3 of Form 1582–B on behalf of the brewer. Each Form 1582–B shall be given a serial number beginning with "1" for the first day of January of each year and running consecutively thereafter to December 31, inclusive. Such agent will prepare and dispose of Form 1582–B in accordance with the applicable procedure set forth in § 252.154.

PAR. 6. Section 252.155 is amended to read as follows:

§ 252.155 *Removals of beer by persons other than the brewer or his agent.* Where there is a removal of taxpaid beer by a person other than the brewer or the agent of the brewer for export, or for supplies on vessels or aircraft, or for deposit in a foreign-trade zone, such person shall execute part 1 of Form 1582–B, in triplicate. Where the exportation consists of the products of more than one brewer, a separate Form 1582–B must be prepared for the products of each brewer. Each Form 1582–B shall be given a serial number beginning with "1" for the first day of January of each year and running consecutively thereafter to December 31, inclusive. Information called for shall be furnished in accordance with the instructions on the form or issued in respect thereto. Upon removal of the beer for shipment such person will immediately forward one copy of Form 1582–B to the producing brewer, and:

(a) Immediately forward the original and one copy of Form 1582–B to the collector of customs at the port of export; or,

(b) In the case of shipments to the Armed Services of the United States for export, immediately forward the original and one copy of Form 1582–B to the commanding or supply officer to whom the shipment is consigned; or,

(c) In the case of shipments to a foreign-trade zone, immediately forward the original and one copy of Form 1582–B to the customs officer in charge of the foreign-trade zone.

Upon receipt of the copy of Form 1582–B from the exporter, the brewer will, if he wishes to claim drawback on the beer covered thereby, execute the claim for drawback on part 3 of the form and file the claim with the assistant regional commissioner of his region. Where the claim is not filed with the assistant regional commissioner within six months after the date shown in the certificate of removal in part 1 of the form, the applicable provisions of §§ 252.166 to 252.169, relating to evidence of exportation or lading for use on vessels and aircraft shall apply.

PAR. 7. Section 252.157 is amended to read as follows:

§ 252.157 *Direct delivery for customs inspection; bill of lading.* If the premises from which the shipment is made are located at the port of exportation, the beer shall be delivered directly for customs inspection and supervision of lading, and a copy of the export bill of lading shall be promptly forwarded to the assistant regional commissioner of the region in which the claim for drawback is filed: *Provided,* That an export bill of lading will not be required, (a) in the case of shipments to the Armed Services, where the shipment will be delivered to the commanding officer or supply officer to whom consigned, or (b) in the case of shipment for lading for use as supplies on vessels or aircraft.

PAR. 8. Section 252.158 is amended to read as follows:

§ 252.158 *Exportation by vessel.* If the premises from which the shipment is made are located elsewhere than at the port of exportation, the beer shall be delivered either directly for customs inspection and supervision of lading, or to a carrier for transportation to the port of exportation and a copy of the export bill of lading shall be promptly forwarded to the assistant regional commissioner of the region in which the claim for drawback is filed.

PAR. 9. Section 252.159 is amended by striking from the third sentence the words "brewer or his agent" and inserting in lieu thereof the word "exporter".

PAR. 10. Section 252.162 is amended by striking from the third sentence the word "one" and inserting in lieu thereof the words "the original".

This Treasury decision shall be effective on the first day of the first month which begins not less than 30 days following the date of publication in the FEDERAL REGISTER.

(68A Stat. 917; 26 U. S. C. 7805)

[SEAL] RUSSELL C. HARRINGTON,
Commissioner of Internal Revenue.

RALPH KELLY,
Commissioner of Customs.

Approved: March 21, 1956.

DAN THROOP SMITH,
Special Assistant to the Secretary of the Treasury in Charge of Tax Policy.

[F. R. Doc. 56-2259; Filed, Mar. 26, 1956; 8:51 a. m.]

TITLE 27—INTOXICATING LIQUORS

Chapter I—Internal Revenue Service, Department of the Treasury

[Regs. 1; T. D. 6167]

PART 1—BASIC PERMIT REQUIREMENTS UNDER THE FEDERAL ALCOHOL ADMINISTRATION ACT

TECHNICAL AMENDMENT

In order to substitute references to the Internal Revenue Code of 1954 and regulations thereunder for the present references to the 1939 Code and regulations thereunder, the regulations relating to basic permit requirements under the Federal Alcohol Administration Act, 27 CFR Part 1, are hereby amended as follows:

PARAGRAPH 1. The citation of the statutory authority for the regulation is amended to read as follows:

AUTHORITY: §§ 1.1 to 1.59 issued under 49 Stat. 977, sec. 7805, 68A Stat. 917; 27 U. S. C. 202, 26 U. S. C. 7805.

PAR. 2. Section 1.1 is amended by striking the clause "except that the provisions of Regulations 123, 'Rules of Practice in Permit Proceedings' (26 CFR (1939) Part 200)," and substituting in lieu thereof "except that the provisions of 26 CFR Part 200, Rules of Practice in Permit Proceedings,".

PAR. 3. Sections 1.35, 1.50, 1.51, 1.52, and 1.57 are amended by changing the reference "26 CFR (1939) Part 200" to "26 CFR Part 200."

Because the only effect of this Treasury decision is to substitute current references for regulations issued under the Internal Revenue Code, to conform the "authority" citation with such Code, and such changes are purely editorial in nature, it is hereby found unnecessary to issue this Treasury decision with notice and public procedure thereon under section 4 (a) of the Administrative Procedure Act, approved June 11, 1946. This Treasury decision shall be effective on the 30th day after publication in the FEDERAL REGISTER.

(49 Stat. 977, sec. 7805, 68A Stat. 917; 27 U. S. C. 202, 26 U. S. C. 7805)

[SEAL] O. GORDON DELK,
Acting Commissioner of Internal Revenue.

Approved:

DAN THROOP SMITH,
Special Assistant to the Secretary in Charge of Tax Policy.

[F. R. Doc. 56-2263; Filed, Mar. 26, 1956; 8:45 a. m.]

TITLE 36—PARKS, FORESTS, AND MEMORIALS

Chapter I—National Park Service, Department of the Interior

PART 1—GENERAL RULES AND REGULATIONS

COMMERCIAL AUTOMOBILES AND BUSSES; DEATH VALLEY NATIONAL MONUMENT (EXCEPT STATE HIGHWAY 190)

Paragraph (a) of § 1.36 *Commercial automobiles and busses* is amended by deleting the words "Death Valley National Monument (except State Highway No. 190)" from this paragraph.

(Sec. 3, 39 Stat. 535, as amended; 16 U. S. C. 3)

Issued this 21st day of March 1956.

DOUGLAS MCKAY,
Secretary of the Interior.

[F. R. Doc. 56-2270; Filed, Mar. 26, 1956; 8:46 a. m.]

PART 5—NATIONAL CEMETERY REGULATIONS

MEMORIAL MARKERS; SOLDIERS' HOME NATIONAL CEMETERY, WASHINGTON, D. C.

Paragraph (a) of § 5.20 *Memorial markers* is amended by deleting the words "Soldiers' Home National Cemetery, Washington, D. C.", from this paragraph.

(Sec. 3, 39 Stat. 535, as amended, 68 Stat. 880, 16 U. S. C. 3, 24 U. S. C. 279d)

Issued this 20th day of March 1956.

DOUGLAS MCKAY,
Secretary of the Interior.

[F. R. Doc. 56-2269; Filed, Mar. 26, 1956; 8:46 a. m.]

TITLE 43—PUBLIC LANDS: INTERIOR

Chapter I—Bureau of Land Management, Department of the Interior

Subchapter C—Areas Subject to Special Laws

[Circular 1951]

PART 115—REVESTED OREGON AND CALIFORNIA RAILROAD AND RECONVEYED COOS BAY WAGON ROAD GRANT LANDS IN OREGON

SALE OF TIMBER ON O. AND C. LANDS

1. A paragraph (f) is added to § 115.39 to read as follows:

§ 115.39 *Sales and appraisals.* * * *

(f) When the Director determines that good forest management requires the rapid removal of windthrown, insect-damaged or fire-killed timber or other salvage material, he may waive any or all marketing area restrictions as to sales of any timber which may be classified as salvage in nature by the authorized officer. Salvage sales may include such minimum amounts of intermingled or adjacent green timber as are necessary to insure economic operations.

2. Paragraph (b) (3) of § 115.45 is amended to read:

§ 115.45 *Action on bids.* * * *

(b) * * *

(3) Timber which has been determined by the authorized officer to be salvage in nature, which has been advertised as such, which has not been affected by a marketing area waiver issued under § 115.39 (f), and which is sold under the terms of this section because no bids were received within the time specified in the notice of sale, may be manufactured in any O. and C. marketing area which has been established by the Secretary of the Interior, or the Director, Bureau of Land Management.

(Sec. 5, 50 Stat. 875; 43 U. S. C. 1181e)

DOUGLAS MCKAY,
Secretary of the Interior.

MARCH 20, 1956.

[F. R. Doc. 56-2268; Filed, Mar. 26, 1956; 8:46 a. m.]

Subchapter P—Practice

[Circular 1950]

PART 220—GENERAL REGULATIONS RELATING TO PRACTICE

PART 221—APPEALS AND CONTESTS

PART 222—GOVERNMENT CONTESTS

PART 223—WITNESSES

REVOCATION AND REVISION OF CERTAIN REGULATIONS

Parts 220, 222, and 223 of 43 CFR are revoked and Part 221 is revised to read as follows:

Subpart A—Appeals to the Director of the Bureau of Land Management

PLEADINGS

Sec.
221.1 Who may appeal.
221.2 Appeal; how taken; mandatory time limit.
221.3 Statement of reasons; written arguments; briefs.
221.4 Service of notice of appeal and of other documents.
221.5 Answers.

REQUEST FOR HEARING; ORAL ARGUMENT

221.6 Hearings on appeals involving questions of fact.
221.7 Deposit.
221.8 Oral argument.

DECISIONS BY DIRECTOR

221.9 Action by Director on appeal.
221.10 Effect of failure to appeal.

PROCEEDINGS BEFORE FIELD COMMISSIONERS

221.11 Prehearing conferences.
221.12 Fixing of place and date for hearing, notice.
221.13 Postponements.
221.14 Authority of the Field Commissioner.
221.15 Conduct of hearing.
221.16 Evidence.
221.17 Reporter's fees.
221.18 Copies of transcript.
221.19 Summary of evidence.
221.20 Action by Field Commissioner.

Subpart B—Appeals to the Secretary of the Interior

221.31 Right of appeal to the Secretary of Interior.
221.32 Appeal, how taken; mandatory time limit.
221.33 Statement of reasons; written arguments; briefs.
221.34 Service of notice of appeal and of other documents.
221.35 Answers.
221.36 Oral argument.
221.37 Finality of decision.

Subpart C—Contests and Protests

PRIVATE CONTESTS AND PROTESTS

221.51 By whom private contest may be initiated.
221.52 Protests.
221.53 Initiation of contest.
221.54 Contents of complaint.
221.55 Amendment of complaint.
221.56 Corroboration required.
221.57 Filing fee.
221.58 Service.
221.59 Effect of answer.
221.60 When service may be made by publication.
221.61 Contents of published notice.
221.62 Publication, mailing and posting of notice.
221.63 Proof of service.
221.64 Answer to complaint.
221.65 Action by Manager.
221.66 Amendment of answer.

GOVERNMENT CONTESTS

221.67 Government contests.
221.68 Proceedings in Government contests.

PROCEEDINGS BEFORE THE FIELD COMMISSIONER

221.69 Prehearing conferences.
221.70 Fixing of place and date for hearing; notice.
221.71 Postponements.
221.72 Authority of the Field Commissioner.
221.73 Conduct of hearing.
221.74 Evidence.
221.75 Reporter's fees.
221.76 Decision of Field Commissioner.
221.77 Appeal to the Director.

Subpart D—General Provisions

221.91 Definitions.
221.92 When a document is filed.
221.93 Record address.
221.94 Transferees and encumbrancers.
221.95 Service.
221.96 Computation of time for filing and service.
221.97 Extensions of time.
221.98 Summary dismissal.
221.99 Basis of decisions; record.
221.100 Official notice.
221.101 Effect of decision pending appeal.
221.102 Regulations governing practice before the Department.
221.103 Inquiries.
221.104 Compulsory attendance of witnesses.
221.105 Application for subpoena.
221.106 Fees payable to witness who testifies on request without issuance of subpoena.
221.107 Power of Secretary.

AUTHORITY: §§ 221.1 to 221.107 issued under Revised Statutes 2478; 43 U. S. C. 1201.

SUBPART A—APPEALS TO THE DIRECTOR OF THE BUREAU OF LAND MANAGEMENT [1]

PLEADINGS

§ 221.1 *Who may appeal.* Any party to a case who is adversely affected by a decision of an officer of the Bureau of Land Management other than the Director or persons signing for the Director, shall have a right of appeal to the Director.

§ 221.2 *Appeal; how taken, mandatory time limit.* A person who wishes to appeal to the Director must file in the office of the officer who made the decision a notice that he wishes to appeal, accompanied by a $5 filing fee. The notice must give the serial number or other identification of the case and must be received in such office within 30 days after the person taking the appeal received the decision he is appealing from. No extension of time will be granted for filing this notice. A notice of appeal which is filed late or which is not accompanied by the required filing fee will not be considered and the case will be closed by the officer from whose decision the appeal is taken. The notice of appeal may include a statement of the reasons for the appeal and any arguments the appellant wishes to make.

§ 221.3 *Statement of reasons; written arguments; briefs.* If the notice of appeal did not include a statement of the reasons for the appeal, such a statement must be filed in the office of the Director within 30 days after the notice of appeal is filed. Failure to file the statement of reasons within the time required will subject the appeal to summary dismissal as provided in § 221.98. In any case the appellant will be permitted to file in such office additional statements of reasons and written arguments or briefs within the 30-day period after he filed the notice of appeal.

§ 221.4 *Service of notice of appeal and of other documents.* The appellant must serve a copy of the notice of appeal and of any statement of reasons, written arguments or briefs on each adverse party named in the decision appealed from, in the manner prescribed in § 221.95, not later than 15 days after filing the document. Failure to serve within the time required will subject the appeal to summary dismissal as provided in § 221.98. Proof of such service as required by § 221.95 must be filed in the office of the Director within 15 days after service unless filed with the notice of appeal.

§ 221.5 *Answers.* If any party served with a notice of appeal wishes to participate in the proceeding on appeal, he must file an answer within 30 days after receipt of the notice of appeal or statement of reasons where such statement was not included in the notice of appeal. If new or additional reasons are filed by the appellant, the adverse party shall have 30 days after receipt thereof within which to answer them. The answer must state the reasons why the answerer thinks the appeal should not be sustained. Answers must be filed in the office of the Director and must be served on the appellant in the manner prescribed in § 221.95, not later than 15 days thereafter. Proof of such service, as required by § 221.95, must be filed in the office of the Director within 15 days after service. Failure to answer will not result in a default. If an answer is not filed and served within the time required, it may be disregarded in deciding the appeal.

REQUEST FOR HEARING; ORAL ARGUMENT

§ 221.6 *Hearings on appeals involving questions of fact.* Either an appellant or an adverse party may, if he desires a hearing to present evidence on an issue of fact, request that the case be assigned to a Field Commissioner of the Bureau of Land Management for such a hearing. Such a request must be made in writing and filed with the Director within 30 days after answer is due and a copy of the request should be served on the opposing party in the case. The allowance of a request for hearing is within the discretion of the Director, and the Director may, on his own motion, refer any case to a Field Commissioner for a hearing on an issue of fact. If a hearing is ordered, the Director will specify the issues upon which the hearing is to be held.

§ 221.7 *Deposit.* If a request for a hearing is granted, a deposit of $20 toward reporters' fees will be required of the parties who made the request. Other

[1] In addition to the material under this heading, the general provisions under Subpart D of this part should be consulted.

parties who appear at the hearing will be requested to pay their share of the fees at that time.

§ 221.8 *Oral argument.* The Director may, in his discretion, grant an opportunity for oral argument before him or a person designated by him.

DECISIONS BY DIRECTOR

§ 221.9 *Action by Director on appeal.* The Director will render a written decision in each case appealed to him. Such decisions will be served on all parties and shall be subject to an appeal to the Secretary as provided in § 221.31.

§ 221.10 *Effect of failure to appeal.* When any party fails to appeal to the Secretary from an adverse decision of the Director, that decision shall as to such party be final and will not be disturbed except for fraud or for gross irregularity.

PROCEEDINGS BEFORE FIELD COMMISSIONER

§ 221.11 *Prehearing conferences.* (a) The Field Commissioner may, in his discretion, on his own motion or motion of one of the parties or of the Bureau of Land Management, direct the parties or their representatives to appear at a specified time and place for a prehearing conference to consider: (1) The possibility of obtaining stipulations, admissions of facts and agreements to the introduction of documents, (2) the limitation of the number of expert witnesses, and (3) any other matters which may aid in the disposition of the proceedings before the Field Commissioner or before the Director.

(b) The Field Commissioner shall make an order which recites the action taken at the conference and the agreements made as to any of the matters considered, and which limits the issues for hearing to those not disposed of by admissions or agreements. Such order shall control the subsequent course of the proceeding before the Field Commissioner unless modified for good cause, by subsequent order.

§ 221.12 *Fixing of place and date for hearing; notice.* The Field Commissioner shall fix a place and date for the hearing and notify all parties and the Bureau.

§ 221.13 *Postponements.* (a) Postponements of hearings will not be allowed upon the request of any party or the Bureau except upon a showing of good cause and proper diligence. A request for a postponement must be served upon all parties to the proceeding and filed in the office of the Field Commissioner at least 10 days prior to the date of the hearing. In no case will a request for postponement served or filed less than 10 days in advance of the hearing or made at the hearing be granted unless the party requesting it demonstrates that an extreme emergency occurred which could not have been anticipated and which justifies beyond question the granting of a postponement. In any such emergency, if time does not permit of the filing of such request prior to the hearing, it may be made orally at the hearing.

(b) The request for a postponement must state in detail the reasons why a postponement is necessary. If a request is based upon the absence of witnesses, it must state what the substance of the testimony of the absent witnesses would be. No postponement will be granted if the adverse party or parties file with the Field Commissioner within 5 days after the service of the request a statement admitting that the witnesses on account of whose absence the postponement is desired would, if present, testify as stated in the request. If time does not permit the filing of such statement prior to the hearing, it may be made orally at the hearing.

(c) Only one postponement will be allowed to a party on account of the absence of witnesses unless the party requesting a further postponement shall at the time apply for an order to take the testimony of the alleged absent witness by deposition.

§ 221.14 *Authority of the Field Commissioner.* The Field Commissioner is vested with general authority to conduct the hearing in an orderly and judicial manner, including authority to subpoena witnesses and to take and cause depositions to be taken in accordance with the act of January 31, 1903 (32 Stat. 790; 43 U. S. C. 102–106), to administer oaths, to call and question witnesses, to make proposed findings of fact and to take such other actions in connection with the hearing as may be prescribed by the Director in referring the case for hearing. The issuance of subpoenas, the attendance of witnesses, and the taking of depositions shall be governed by the applicable provisions of Subpart D of this part.

§ 221.15 *Conduct of hearing.* So far as not inconsistent with the prehearing order, the Field Commissioner may seek to obtain stipulations as to material facts. Unless the Field Commissioner directs otherwise, the appellant will present his evidence on the facts at issue following which the other parties and the Bureau of Land Management will present their evidence on such issues.

§ 221.16 *Evidence.* (a) All oral testimony shall be under oath and witnesses shall be subject to cross-examination. The Field Commissioner may question any witnesses. Documentary evidence may be received if pertinent to any issue. The Field Commissioner will summarily stop examination and exclude testimony which is obviously irrelevant and immaterial.

(b) Objections to evidence will be ruled upon by the Field Commissioner. Such rulings will be considered, but need not be separately ruled upon, by the Director in connection with his decision. Where a ruling of a Field Commissioner sustains an objection to the admission of evidence, the party affected may insert in the record, as a tender of proof, a summary written statement of the substance of the excluded evidence and the objecting party may then make an offer of proof in rebuttal.

§ 221.17 *Reporter's fees.* (a) Where a hearing is requested, each party and the Bureau will be required to pay the reporter's fees covering the party's or the Bureau's direct evidence and cross examination of other witnesses.

(b) Where a hearing is ordered by the Director upon his own motion, each party who prevails in the Director's decision will be required to pay the reporter's fees covering the party's direct evidence and cross examination of other witnesses. The remainder of the reporter's fees will be paid by the Government.

(c) Reporter's fees will be at rates established for the local courts or, if the reporting is done pursuant to a contract, at rates established by the contract. The Field Commissioner may require the parties to make reasonable deposits for reporter's fees from time to time in advance of taking testimony. Any part of a deposit not used will be returned to the depositor except that deposits which are required pursuant to § 221.7 in advance of a hearing will not be returned if the party making the deposit does not appear at the hearing, but will be used to pay the reporter's appearance fee, if any, and the remainder will be forfeited to the United States.

§ 221.18 *Copies of transcript.* Each party must pay for any copies of the transcript obtained by him. Unless a summary of the evidence is stipulated to, the Government will file the original copy of the transcript with the case record.

§ 221.19 *Summary of evidence.* The parties and the Bureau may, with the consent of the Field Commissioner, agree that a summary of the evidence approved by the Field Commissioner may be filed in the case in lieu of a transcript. In such case the Field Commissioner will prepare the summary or have it prepared and upon agreement of the parties make it a part of the case record. If, on appeal to the Secretary, a party wishes to utilize the transcript instead of the summary, he must furnish at his expense a copy of the transcript for the case record.

§ 221.20 *Action by Field Commissioner.* Upon completion of the hearing and the incorporation of the summary or transcript in the record, the Field Commissioner will send the record and proposed findings of fact on the issues presented at the hearing to the Director. The proposed findings of fact will not be served upon the parties; however, the parties and the Bureau may, within 15 days after the completion of the transcript or the summary of the evidence, file with the Director such briefs or statements as they may wish respecting the facts developed at the hearing. Any findings of fact made or adopted by the Director will be subject to attack in an appeal to the Secretary.

SUBPART B—APPEALS TO SECRETARY OF THE INTERIOR [1]

§ 221.31 *Right of appeal to the Secretary of the Interior.* Any party adversely affected may appeal to the Secretary of the Interior from a final decision

[1] In addition to the material under this heading, the general provisions under Subpart D of this part should be consulted.

of the Director, whether such final decision is on an appeal or is an original decision, except from such a decision which, prior to promulgation, has been approved by the Secretary. No appeal, however, may be taken from a decision of the Director affirming a decision of a subordinate official of the Bureau in any case where the party adversely affected shall have failed to appeal from the decision of such official.

§ 221.32 *Appeal, how taken; mandatory time limit.* A person who wishes to appeal to the Secretary from a decision of the Director must file in the office of the Director a notice that he wishes to appeal, accompanied by a $5 filing fee. The notice must give the serial number or other identification of the case and must be received in such office within 30 days after the person taking the appeal received the decision he is appealing from. No extension of time will be granted for filing this notice. A notice of appeal which is filed late or which is not accompanied by the required filing fee will not be considered and the case will be closed by the Director. The notice of appeal may include a statement of the reasons for the appeal and any arguments the appellant wishes to make.

§ 221.33 *Statement of reasons; written arguments; briefs.* If the notice of appeal did not include a statement of the reasons for the appeal, such a statement must be filed in the office of the Secretary within 30 days after the notice of appeal is filed. Failure to file the statement of reasons within the time required will subject the appeal to summary dismissal as provided in § 221.98. In any case, the appellant will be permitted to file additional statements, reasons, written arguments and briefs within the 30-day period after he filed the notice of appeal.

§ 221.34 *Service of notice of appeal and of other documents.* The appellant must serve a copy of the notice of appeal and of any statement of reasons, written arguments or briefs on each adverse party named in the Director's decision not later than 15 days after filing the document. Failure to serve within the time required will subject the appeal to summary dismissal as provided in § 221.98. Proof of such service as required by § 221.95 must be filed in the office of the Secretary within 15 days after service unless filed with the notice of appeal.

§ 221.35 *Answers.* If a party served with a notice of appeal wishes to participate in the proceeding on appeal, he must file an answer within 30 days after receipt of the notice of appeal or statement of reasons where such statement was not included in the notice of appeal. If new or additional reasons are filed by the appellant, the adverse party shall have 30 days after receipt thereof within which to answer them. The answer must state the reasons why the answerer thinks the appeal should not be sustained. Answers must be filed in the office of the Secretary and must be served on the appellant, in the manner prescribed in § 221.95, not later than 15 days thereafter. Proof of such service as required by § 221.95 must be filed in the office of the Secretary within 15 days after service. Failure to answer will not result in a default. If an answer is not filed and served within the time required, it may be disregarded in deciding the appeal.

§ 221.36 *Oral argument.* The Secretary may in his discretion grant an opportunity for oral argument before him or a person designated by him.

§ 221.37 *Finality of decision.* No appeal will lie in the Department from a decision of the Secretary.

SUBPART C—CONTESTS AND PROTESTS [1]

PRIVATE CONTESTS AND PROTESTS

§ 221.51 *By whom private contest may be initiated.* Any person who claims title to or an interest in land adverse to any other person claiming title to or an interest in such land or who seeks to acquire a preference right pursuant to the act of May 14, 1880, as amended (43 U. S. C. 185), or the act of March 3, 1891 (43 U. S. C. 329), may initiate proceedings to have the claim of title or interest adverse to his claim invalidated for any reason not shown by the records of the Bureau of Land Management. Such a proceeding will constitute a private contest and will be governed by the regulations in this part.

§ 221.52 *Protests.* Where the elements of a contest are not present, any objection raised by any person to any action proposed to be taken in any proceeding before the Bureau will be deemed to be a protest and such action thereon will be taken as is deemed to be appropriate in the circumstances.

§ 221.53 *Initiation of contest.* Any person desiring to initiate a private contest must file a complaint and proof of service of a copy of the complaint on the contestee in the land office which has jurisdiction over the land involved, or, if there is no such land office, in the office of the Director, Bureau of Land Management, Washington 25, D. C.

§ 221.54 *Contents of complaint.* The complaint shall contain the following information, under oath:

(a) The name and address of each party interested, including the age of each heir of any deceased entryman.

(b) A legal description of the land involved.

(c) A reference, so far as known to the contestant, to any proceedings pending for the acquisition of title to, or an interest in, such land.

(d) A statement in clear and concise language of the facts constituting the grounds of contest.

(e) A statement of the law under which contestant claims or intends to acquire title to, or an interest in, the land and of the facts showing that he is qualified to do so.

(f) A statement that the proceeding is not collusive or speculative but is instituted and will be diligently pursued in good faith.

(g) A request that the contestant be allowed to prove his allegations and that the adverse interest be invalidated.

(h) The office in which the complaint is filed and the address to which papers shall be sent for service on the contestant.

(i) A notice that unless the contestee files an answer to the complaint in such office within 30 days after service of the notice, the allegations of the complaint will be taken as confessed. If the complaint does not meet each of these requirements, it will be summarily dismissed.

§ 221.55 *Amendment of complaint.* Except insofar as the Manager, Field Commissioner, Director or Secretary may raise issues in connection with deciding a contest, issues not raised in a complaint may not be raised later by the contestant unless the Field Commissioner permits the complaint to be amended after due notice to the other parties and an opportunity to object.

§ 221.56 *Corroboration required.* All allegations of fact in the complaint which are not matters of official record or capable of being judicially noticed and which, if proved, would invalidate the adverse interest must be corroborated under oath by the statement of witnesses. Each such allegation of fact must be corroborated by the statement of at least one witness having personal knowledge of the alleged fact and such fact must be set forth in the statement. All statements by witnesses shall be attached to the complaint.

§ 221.57 *Filing fee.* Each complaint must be accompanied by a filing fee of $10 and a deposit of $20 toward reporter's fees.

§ 221.58 *Service.* (a) The complaint must be served upon every contestee. If the contestee is of record in the land office, service may be made and proved as provided in § 221.95. If the person to be served is not of record in the land office, proof of service may be shown by a written statement of the person who made personal service, by post-office return receipt showing personal delivery, or by an acknowledgment of service. In certain circumstances, service may be made by publication as provided in § 221.60.

(b) When the contest is against the heirs of a deceased entryman, the notice shall be served on each heir. If the person to be personally served is an infant or a person who has been legally adjudged of unsound mind, service of notice shall be made by delivering a copy of the notice to the legal guardian or committee, if there be one, of such infant or person of unsound mind; if there be none, then by delivering a copy of the notice to the person having the infant or person of unsound mind in charge.

§ 221.59 *Effect of answer.* Where a contestee answers without questioning the service or proof of service of the complaint, any defect in service will be deemed waived.

[1] In addition to the material under this heading, the general provisions under Subpart D of this part should be consulted.

§ 221.60 *When service may be made by publication.* When the contestant has made diligent search and inquiry to locate the contestee, and cannot locate him, the contestant may proceed with service by publication after first filing with the Manager an affidavit which shall:

(a) State that the contestee could not be located after diligent search and inquiry made within 15 days prior to the filing of the affidavit;

(b) Be corroborated by the affidavits of two persons who live in the vicinity of the land which state that they have no knowledge of the contestee's whereabouts or which give his last known address;

(c) State the last known address of the contestee; and

(d) State in detail the efforts and inquiries made to locate the party sought to be served.

§ 221.61 *Contents of published notice.* The published notice must give the names of the parties to the contest, legal description of the land involved, the substance of the charges contained in the complaint, the office in which the contest is pending, and a statement that upon failure to file an answer in such office within 30 days after the completion of publication of such notice, the allegations of the complaint will be taken as confessed. The published notice shall also contain a statement of the dates of publication.

§ 221.62 *Publication, mailing and posting of notice.* (a) Notice by publication shall be made by publishing notice at least once a week for five successive weeks in some newspaper of general circulation in the county in which the land in contest lies.

(b) Within 15 days after the first publication of a notice, the contestant shall send a copy of the notice and the complaint by registered or certified mail, return receipt requested, to the contestee at his last known address and also to the contestee in care of the post office nearest the land. The return receipts shall be filed in the office in which the contest is pending.

(c) A copy of the notice as published shall be posted in the office where the contest is pending and also in a conspicuous place upon the land involved. Such postings shall be made within 15 days after the first publication of the notice.

§ 221.63 *Proof of service.* (a) Proof of publication of the notice shall be made by filing in the office where the contest is pending a copy of the notice as published and the affidavit of the publisher or foreman of the newspaper publishing the same showing the publication of the notice in accordance with § 221.62.

(b) Proof of posting of the notice shall be by affidavit of the person who posted the notice on the land and by the certificate of the Manager or the Director as to posting in his office.

(c) Proof of the mailing of notice shall be by affidavit of the person who mailed the notice to which shall be attached the return receipt.

§ 221.64 *Answer to complaint.* Within 30 days after service of the complaint or after the last publication of the notice, the contestee must file in the office where the contest is pending an answer specifically meeting and responding to the allegations of the complaint, together with proof of service of a copy of the answer upon a contestant as provided in § 221.95. The answer shall contain or be accompanied by the address to which all notices or other papers shall be sent for service upon contestee.

§ 221.65 *Action by Manager.* (a) If an answer is not filed as required, the allegations of the complaint will be taken as admitted by the contestee and the Manager will decide the case without a hearing.

(b) If an answer is filed and unless all parties waive a hearing, the Manager will refer the case to a Field Commissioner upon determining that the elements of a private contest appear to have been established.

§ 221.66 *Amendment of answer.* At the hearing, any allegation not denied by the answer will be considered admitted. The Field Commissioner may permit the answer to be amended after due notice to other parties and an opportunity to object.

GOVERNMENT CONTESTS

§ 221.67 *Government contests.* The Government may initiate contests for any cause affecting the legality or validity of any entry or settlement or mining claim.

§ 221.68 *Proceedings in Government contests.* The proceedings in Government contests shall be governed by the rules relating to proceedings in private contests with the following exceptions:

(a) No corroboration shall be required of a Government complaint.

(b) No filing fee or deposit toward reporter's fee shall be required of the Government.

(c) Any action required of the contestant may be taken by any authorized Government employee.

(d) The statement required by § 221.54 (e) need not be included in the complaint.

(e) No posting of notice of publication on the land in issue shall be required of the Government.

PROCEEDINGS BEFORE THE FIELD COMMISSIONER

§ 221.69 *Prehearing conferences.* (a) The Field Commissioner may in his discretion, on his own motion or on motion of one of the parties, or of the Bureau, direct the parties or their representatives to appear at a specified time and place for a prehearing conference to consider: (1) The simplification of the issues, (2) the necessity of amendments to the pleadings, (3) the possibility of obtaining stipulations, admissions of facts and agreements to the introduction of documents, (4) the limitation of the number of expert witnesses, and (5) such other matters as may aid in the disposition of the proceedings.

(b) The Field Commissioner shall make an order which recites the action taken at the conference, the amendments allowed to the pleadings, and the agreements made as to any of the matters considered, and which limits the issues for hearing to those not disposed of by admissions or agreements. Such order shall control the subsequent course of the proceedings before the Field Commissioner unless modified for good cause, by subsequent order.

§ 221.70 *Fixing of place and date for hearing; notice.* The Field Commissioner shall fix a place and date for the hearing and notify all parties and the Bureau.

§ 221.71 *Postponements.* (a) Postponements of hearings will not be allowed upon the request of any party or the Bureau except upon a showing of good cause and proper diligence. A request for a postponement must be served upon all parties to the proceeding and filed in the office of the Field Commissioner at least 10 days prior to the date of the hearing. In no case will a request for postponement served or filed less than 10 days in advance of the hearing or made at the hearing be granted unless the party requesting it demonstrates that an extreme emergency occurred which could not have been anticipated and which justifies beyond question the granting of a postponement. In any such emergency, if time does not permit the filing of such request prior to the hearing, it may be made orally at the hearing.

(b) The request for a postponement must state in detail the reasons why a postponement is necessary. If a request is based upon the absence of witnesses, it must state what the substance of the testimony of the absent witnesses would be. No postponement will be granted if the adverse party or parties file with the Field Commissioner within 5 days after the service of the request a statement admitting that the witnesses on account of whose absence the postponement is desired would, if present, testify as stated in the request. If time does not permit the filing of such statement prior to the hearing, it may be made orally at the hearing.

(c) Only one postponement will be allowed to a party on account of the absence of witnesses unless the party requesting a further postponement shall at the time apply for an order to take the testimony of the alleged absent witness by deposition.

§ 221.72 *Authority of the Field Commissioner.* The Field Commissioner is vested with general authority to conduct the hearing in an orderly and judicial manner, including authority to subpoena witnesses and to take and cause depositions to be taken in accordance with the act of January 31, 1903 (43 U. S. C. 102–106), to administer oaths, to call and question witnesses, and to make a decision. The issuance of subpoenas, the attendance of witnesses and the taking of depositions shall be governed by the applicable provisions of Subpart D of this part.

§ 221.73 *Conduct of hearing.* So far as not inconsistent with a prehearing order, the Field Commissioner may seek to obtain stipulations as to material facts and the issues involved and may state any other issues on which he may wish

to have evidence presented. He may exclude irrelevant issues. The contestant will then present his case following which the other parties (and in private contests the Bureau, if it intervenes) will present their cases.

§ 221.74 *Evidence.* (a) All oral testimony shall be under oath and witnesses shall be subject to cross examination. The Field Commissioner may question any witness. Documentary evidence may be received if pertinent to any issue. The Field Commissioner will summarily stop examination and exclude testimony which is obviously irrelevant and immaterial.

(b) Objections to evidence will be ruled upon by the Field Commissioner. Such rulings will be considered, but need not be separately ruled upon, by the Director in connection with his decision. Where a ruling of a Field Commissioner sustains an objection to the admission of evidence, the party affected may insert in the record, as a tender of proof, a summary written statement of the substance of the excluded evidence, and the objecting party may then make an offer of proof in rebuttal.

§ 221.75 *Reporter's fees.* (a) Each party and the Bureau will be required to pay the reporter's fees covering the party's or the Bureau's direct evidence and cross examination of other witnesses except that (1) the Government will pay all reporter's fees where it has brought a contest against a claim, an entry, or an application for patent and the contest is finally terminated adversely to the Government, and (2) a contestant claiming a preference right of entry under section 2 of the act of May 14, 1880 (43 U. S. C. 185), or the act of March 3, 1891 (43 U. S. C. 329), will be required to pay all costs of the contest.

(b) In any case, each party must pay for any copies of the transcript obtained by him. Reporter's fees will be at the rates established for the local courts, or, if the reporting is done pursuant to a contract, at rates established by the contract. The Field Commissioner may require the parties to make reasonable deposits for reporter's fees from time to time in advance of taking testimony. Any part of a deposit not used will be returned to the depositor except that deposits which are required to be made when a complaint is filed will not be returned if the party making the deposit does not appear at the hearing, but will be used to pay the reporter's appearance fee, if any, and the remainder will be forfeited to the United States.

§ 221.76 *Decision of Field Commissioner.* The Field Commissioner will make a decision and serve it on all parties.

§ 221.77 *Appeal to Director.* Any party, including the Government, adversely affected by the decision of the Field Commissioner may appeal to the Director as provided in Subpart A of this part. No further hearing will be allowed in connection with the appeal to the Director but the Director, after considering the evidence, may remand any case for further hearing if he considers such action necessary to develop the facts.

SUBPART D—GENERAL PROVISIONS

§ 221.91 *Definitions.* As used in this part:

(a) "Secretary" means the Secretary of the Interior or his authorized representatives.

(b) "Director" means the Director of the Bureau of Land Management, the Associate Director or an Assistant Director.

(c) "Bureau" means Bureau of Land Management.

§ 221.92 *When a document is filed.* A document is filed in the office where the filing is required when received during the regular office hours by a party authorized to receive it.

§ 221.93 *Record address.* Every person who files a document in connection with an appeal, contest or protest shall at the time of his initial filing in the matter state his address. Thereafter he must promptly inform the office in which the filing was made of any change in address, giving the serial or other appropriate numbers of all matters in which he has made such a filing. The successors of such person shall likewise promptly inform such office of their interest in the matters and state their addresses. If a person fails to furnish a record address as required in this section, he will not be entitled to notice in connection with the proceedings on the matter.

§ 221.94 *Transferees and encumbrancers.* Transferees and encumbrancers of land, the title to which is claimed or is in the process of acquisition under any public land law shall, upon filing notice of the transfer or encumbrance in the proper land office, become entitled to receive and be given the same notice of any contest, appeal, or other proceeding thereafter initiated affecting such interest which is required to be given to a party to the proceeding. Every such notice of a transfer or encumbrance will be noted upon the records of the land office. Thereafter such transferee or encumbrancer must be made a party to any proceedings thereafter initiated adverse to the entry.

§ 221.95 *Service.* (a) Wherever the regulations in this part require that a copy of a document be served upon a person, service may be made by delivering the copy personally to him or by sending the document by registered or certified mail, return receipt requested, to his address of record in the Bureau.

(b) In any case service may be proved by an acknowledgment of service signed by the person to be served. Personal service may be proved by a written statement of the person who made such service. Service by registered or certified mail may be proved by a post-office return receipt showing that the document was delivered at the person's record address or showing that the document could not be delivered to such person at his record address because he had moved therefrom without leaving a forwarding address or because delivery was refused at that address or because no such address exists. Proof of service of a copy of a document should be filed in the same office in which the document is filed except that proof of service of a notice of appeal should be filed in the office of the officer to whom the appeal is made, if the proof of service is filed later than the notice of appeal.

(c) A document will be considered to have been served at the time of personal service, of delivery of a registered or certified letter, or of the return by the post-office of an undelivered registered or certified letter.

(d) In all cases where a party is represented by an attorney, such attorney will be recognized as fully controlling the same on behalf of his client, and service of any document relating to the proceeding upon such attorney will be deemed to be service on the party he represents. Where a party is represented by more than one attorney, service upon one of the attorneys shall be sufficient.

§ 221.96 *Computation of time for filing and service.* In computing any period of time prescribed for filing and serving a document, the day upon which the decision or document to be appealed from or answered was received or the day of any other event after which the designated period of time begins to run is not to be included. The last day of the period so computed is to be included unless it is a Saturday, Sunday, Federal legal holiday, or other non-business day, in which event the period runs until the end of the next day which is not a Saturday, Sunday, Federal legal holiday, or other non-business day. When the time prescribed or allowed is less than 7 days, intermediate Saturdays, Sundays, Federal legal holidays, and other non-business days shall be excluded in the computation.

§ 221.97 *Extensions of time.* (a) With the exception of the time fixed for filing a notice of appeal, the time for filing or serving any document in connection with an appeal may be extended by the officer to whom the appeal is taken.

(b) The Manager or the Field Commissioner, as the case may be, may extend the time for filing or serving any document in connection with a contest.

(c) A request for an extension of time must be filed within the time allowed for the filing or serving of the document and must be filed in the same office in which the document in connection with which the extension is requested must be filed.

§ 221.98 *Summary dismissal.* An appeal to the Director or to the Secretary will be subject to summary dismissal by the officer to whom it is made for any of the following causes:

(a) If a statement of the reasons for the appeal is not included in the notice of appeal and is not filed within the time required;

(b) If the notice of appeal is not served upon adverse parties within the time required; and

(c) If the statement of reasons, if not contained in the notice of appeal, is not

served upon adverse parties within the time required.

§ 221.99 *Basis of decisions; record.* (a) The record of a hearing shall consist of the transcript of testimony or summary of testimony and exhibits together with all papers and requests filed in the hearing.

(b) If a hearing has been held on an appeal pursuant to instructions of the Director, this record shall be the sole basis for decision insofar as the referred issues of fact are involved except to the extent that official notice may be taken of a fact as provided in § 221.100.

(c) Where a hearing has been held in a contest the record made shall be the sole basis for decision except to the extent that official notice may be taken of a fact as provided in § 221.100.

(d) In any case, no decision on appeal or in a contest shall be based upon any record, statement, file or similar document which is not open to inspection by the parties to the appeal or contest.

§ 221.100 *Official notice.* Official notice may be taken of the contents of the tract books, the serial registers, the approved plats of survey and other public records of the Department of the Interior and of any matter of which the courts may take judicial notice. Where a decision in a case in which a hearing has been held rests upon official notice of a material fact relating to an issue upon which the hearing was held, the decision will so state and will allow any party upon request to have an opportunity to show to the contrary. Such request must be filed and served within the time and in the manner prescribed in the decision. Where a decision or recommendation has rested upon such official notice and has afforded the parties an opportunity to show to the contrary, no further opportunity to show to the contrary will be allowed.

§ 221.101 *Effect of decision pending appeal.* Normally a decision will not be effective during the time in which a person adversely affected may file a notice of appeal, and the timely filing of a notice of appeal will suspend the effect of the decision appealed from pending the decision on appeal. However, when the public interest requires, the officer to whom an appeal may be or is taken may provide that a decision or any part of it shall be in full force and effect immediately.

§ 221.102 *Regulations governing practice before the Department.* Every individual who wishes to practice before the Department of the Interior, including the Bureau, must comply with the requirements of Part 1 of this title.

§ 221.103 *Inquiries.* No person other than officers or employees of the Department of the Interior shall direct any inquiry to any employee of the Bureau with respect to any matter pending before it other than to the head of the unit in which the matter is pending, to a superior officer, or to an employee of the unit authorized by the unit head to answer inquiries.

§ 221.104 *Compulsory attendance of witnesses.* The Field Commissioner is authorized to issue subpoenas directing the attendance of witnesses at hearings to be held before him or at the taking of depositions to be held before other officers. The issuance of subpoenas, service, attendance fees, and similar matters, shall be governed by the act of January 31, 1903 (43 U. S. C. 102–106) and 28 U. S. C. 1821. Subpoenas will be issued on Form No. 4–622.

§ 221.105 *Application for subpoena.* An application for a subpoena may be filed in the office of the Field Commissioner before whom the hearing is to be held, in the office of the officer who made the decision appealed from or in the office of the manager in which a complaint was filed, in which case the officer or manager will forward the application to the Field Commissioner.

§ 221.106 *Fees payable to witness who testifies on request without issuance of subpoena.* Any witness who attends any hearing or the taking of any deposition at the request of any party to the controversy without having been subpoenaed to do so shall be entitled to the same mileage and attendance fees to which he would have been entitled if he had been first duly subpoenaed as a witness on behalf of such party.

§ 221.107 *Power of Secretary.* Nothing in this part shall be construed to deprive the Secretary of any power conferred upon him by law.

The revision of Part 221 shall become effective as to all appeals taken from decisions by subordinate officers of the Bureau of Land Management or from decisions by the Director or his authorized representative which are dated on or after the first day of the second month commencing after the adoption of this revision of Part 221 and as to all private and Government contests and all protests initiated or filed on or after such effective date. Parts 220, 222, and 223 shall continue to govern proceedings until such time as the revised Part 221 becomes effective as to those proceedings.

CLARENCE A. DAVIS,
Acting Secretary of the Interior.

MARCH 20, 1956.

[F. R. Doc. 56–2286; Filed, Mar. 26, 1956; 8:49 a. m.]

Appendix—Public Land Orders

[Public Land Order 1276]

[Misc. 68986]

WASHINGTON

MODIFYING DEPARTMENTAL ORDER OF SEPTEMBER 3, 1909, AND EXECUTIVE ORDER OF JULY 2, 1910, CREATING POWER SITE RESERVE NO. 44 TO PERMIT GRANTING A RIGHT-OF-WAY

By virtue of the authority contained in section 1 of the act of June 25, 1910, c. 421 (36 Stat. 847; 43 U. S. C. 141), and pursuant to Executive Order No. 10355 of May 26, 1952, it is ordered as follows:

The departmental order of September 3, 1909, creating Temporary Power Site Reserve No. 44, and the Executive order of July 2, 1910, confirming that order, are hereby modified to the extent necessary to permit the granting of a right-of-way, under Section 2477, U. S. Revised Statutes (43 U. S. C. 932), to the State of Washington, for widening existing State Highway No. 3 (U. S. 97), as shown on maps designated "State Road No. 3, Ellensburg to Yakima; Roza to Yakima (Sheet No. 18)", on file in the Bureau of Land Management (Misc. 68986), over and across the following-described land:

WILLAMETTE MERIDIAN

T. 15 N., R. 19 E.,
Sec. 28, SE¼SW¼.

WESLEY A. D'EWART,
Assistant Secretary of the Interior.

MARCH 20, 1956.

[F. R. Doc. 56–2267; Filed, Mar. 26, 1956; 8:46 a. m.]

PROPOSED RULE MAKING

DEPARTMENT OF AGRICULTURE

Agricultural Marketing Service

[7 CFR Part 965]

[Docket No. AO–166–A20]

MILK IN CINCINNATI, OHIO, MARKETING AREA

DECISION WITH RESPECT TO PROPOSED MARKETING AGREEMENT AND PROPOSED ORDER AMENDING ORDER, AS AMENDED

Correction

In F. R. Doc. 56–2261, appearing in the issue for Saturday, March 24, 1956, at page 1836, material included as part of the introduction was inadvertently omitted.

On page 1836, column 2, line 7, between the words "are" and "seasonal", insert the following material: "at variance with such proposed findings and conclusions, the request to make such findings and conclusions is hereby denied.

"*Findings and conclusions.* The following findings and conclusions on the issues decided herein are hereby made upon the basis of the record of the hearing:

"(1) The period of "pay-out" to producers under the seasonal production incentive plan should be modified.

"The present order provides that monies retained in the producer-settlement from payments for milk during April, May, June, and July in connection with the seasonal production incentive (Louisville) plan shall be distributed to producers by the market administrator during the months of August, September, October, and November immediately following. Producers proposed to modify

the pay-out period to the months of September, October, November, and December.

"In support of the proposal proponents introduced testimony to show that (1) August is frequently a month of relatively heavy production and no additional supplies are needed in such month, (2) most producers are in a position to store sufficient feed and roughage to provide the feeding requirements of their herds through the fall months, (3) supplemental dairy feeds are usually purchased in the winter months rather than in early fall, and (4) a somewhat wider seasonal variation in prices can be achieved by applying one-fourth of the accumulated fund to December milk when deliveries are less than in August.

"The purpose of the seasonal production incentive plan is to widen the seasonal variation in uniform prices to producers between the period of seasonally high production and the months of lowest".

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Food and Drug Administration

[21 CFR Part 165]

[Docket No. FDC 30 (a)]

CHEMICAL DERIVATIVES OF SUBSTANCES DESIGNATED AS HABIT FORMING

FINDINGS OF FACT AND CONCLUSIONS REACHED AFTER PUBLIC HEARING

In the matter of amending the regulations designating certain chemical derivatives of substances named in section 502 (d) of the Federal Food, Drug, and Cosmetic Act as habit forming by removing acetylcarbromal and bromural from the list of habit-forming chemical derivatives of carbromal:

It is proposed that, by virtue of the authority vested in the Secretary of Health, Education, and Welfare by the Federal Food, Drug, and Cosmetic Act (secs. 502 (d), 701, 52 Stat. 1050, 1055; 53 Stat. 854; 21 U. S. C. 352 (d), 371), delegated to the Commissioner of Food and Drugs by the Secretary (20 F. R. 1996), and upon the basis of substantial evidence received at the public hearing held pursuant to the notice published in the FEDERAL REGISTER on May 7, 1955 (20 F. R. 3113), the following order be made:

FINDINGS OF FACT[1]

1. Under section 502 (d) of the Federal Food, Drug, and Cosmetic Act, the Secretary of Health, Education, and Welfare may designate by regulations, after investigation, habit-forming chemical derivatives of a number of substances, including carbromal. Derivatives that have been so designated are required to bear the label statement "Warning—May be habit forming." In 1942, on the basis of evidence received at a public hearing, regulations were promulgated designating the drugs acetylcarbromal and bromural as habit-forming chemical derivatives of carbromal. A petition has now been filed to remove the drugs acetylcarbromal and bromural from the list of drugs designated as habit forming. If removed from the list, drugs containing acetylcarbromal or bromural will no longer be required to bear the legend "Warning—May be habit forming." (Ex. 1)

2. Evidence received at the hearing on the petition included a study of the medical literature relating to the drugs acetylcarbromal and bromural. In all but two of the sources referred to in the study, no mention is made of the tendencies of the drugs to cause addiction or habit formation. One reference stated that habituation to bromural may be induced under certain circumstances and one other reference stated that a compound containing carbromal (the parent substance of acetylcarbromal and bromural) and bromural was not habit forming. With these two exceptions, the information contained in this study was negative as to the habit-forming nature of the drugs acetylcarbromal and bromural. Such a study is only informative in evaluating the habit-forming tendency of a drug if substantiated by adequate clinical investigations. (R. 20–21, 147; Ex. 3)

3. Also included in the evidence was an affidavit of a medical practitioner describing the administration of a drug containing acetylcarbromal and bromural to 37 patients for varying periods of time, up to 22 weeks. The author of the affidavit concluded that the drug used was not habit forming and that its components, acetylcarbromal and bromural, would also not be habit forming. The affidavit does not, however, contain reference to the criteria applied by the author to determine the existence of habit-forming tendencies. In addition, it cannot be determined from the affidavit the nature of the observations from which it was concluded that the drugs were not habit-forming or the manner in which control was exerted over the subjects to insure that they took the drug as directed and that no other drugs having similar physiological effect were taken during the test period. Without knowledge of these facts, a study conducted for the purpose of determining the existence of habit-forming tendencies in a drug cannot be evaluated. (R. 155–156, 160, 164–167; Ex. 2)

4. Other evidence of record related to use of a drug containing a mixture of acetylcarbromal and bromural in a clinical study involving 40 subjects. It is impossible to determine the length of this study, since there is a discrepancy in the dates of the final interviews of some of the subjects as shown in Exhibit 4A and the date of the completion of the study as shown in Exhibit 4. As described in the evidence, this clinical study had certain defects. These include:

a. The criteria utilized for the determination of the existence of habit-forming tendencies were not appropriate for that purpose.

b. The study was conducted on ambulatory patients. The use of such patients is not satisfactory in a clinical study dealing with habit-forming tendencies of a drug, since control of the intake of the drug under study, as well as drugs having similar physiological effect, is almost impossible with ambulatory patients.

c. The study, as originally reported, made only ambiguous references to prior use of sedative drugs by the subjects, an important factor in determining the tendency of a drug to habit formation. Subsequently, Exhibit 4A was prepared and submitted in evidence. This additional exhibit does not contain information in sufficient detail to permit the evaluation of the habit-forming tendency of the drugs upon which the study was conducted.

d. Observations for withdrawal symptoms were not begun until 1 week after the termination of administration of the drug under study. It is possible that withdrawal symptoms might have begun and ended before the first observation, after termination of administration was made.

Because of the presence of these deficiencies in the study as reported, it does not determine whether or not acetylcarbromal and bromural have habit-forming tendencies. (R. Ex. 4, 4a, 120–126, 153–155, 164–167, 169–170)

5. The record included expert medical testimony that sedatives such as the drugs acetylcarbromal and bromural or a combination of them are or may be habit forming and that their label should bear a statement to that effect. (R. 69–71, 151)

CONCLUSION

It is concluded that the whole record does not warrant the removal of the drugs acetylcarbromal and bromural from the list of drugs that are required to bear the label statement "Warning—May be habit forming": *Therefore, it is ordered*, That Part 165—Certain Chemical Derivatives of Substances Named in Section 502 (d) of the Federal Food, Drug, and Cosmetic Act Designated as Habit Forming not be amended.

Any interested person whose appearance was filed at the hearing may, within 30 days from the date of the publication of this proposed order in the FEDERAL REGISTER, file with the Hearing Clerk, Department of Health, Education, and Welfare, Room 5440, Health, Education, and Welfare Building, 330 Independence Avenue SW., Washington, D. C., written exceptions thereto. Exceptions shall point out with particularity the alleged errors in this tentative order and shall contain specific references to the pages of the transcript of the testimony or to the exhibits on which such exceptions are based. Such exceptions may be accompanied by a memorandum or brief in support thereof. Exceptions and accompanying memoranda or briefs shall be submitted in quintuplicate.

Dated: March 21, 1956.

[SEAL] GEO P. LARRICK,
Commissioner of Food and Drugs.

[F. R. Doc. 56-2266; Filed, Mar. 26, 1956; 8:45 a. m.]

[1] The citations following each finding of fact refer to the pages of the transcript of the testimony and the exhibits received in evidence at the hearing.

CIVIL AERONAUTICS BOARD

[14 CFR Parts 40, 41, 42, 43]

[Draft Release No. 56-8]

VARIATION OF AIRCRAFT MAXIMUM WEIGHT WITH ALTITUDE

SUPPLEMENTAL NOTICE OF PROPOSED RULE MAKING; NOTICE OF MEETING

A notice of proposed rule making on the subject "Variation of Aircraft Maximum Weight with Altitude" was published in the FEDERAL REGISTER on December 13, 1955 (20 F. R. 9312), and was circulated to the industry as Civil Air Regulations Draft Release No. 55-29. The objective of the proposal was to clarify the presently effective Civil Air Regulations with respect to the variation of maximum certificated weights with altitude.

The maximum weights of airplanes certificated in accordance with transport category rules are determined by complying with these rules at all operational altitudes. Consequently, these airplanes become eligible for higher weights at sea level than at altitude. The approved weights are listed in the Airplane Flight Manual and become limitations on the airworthiness certificate. Additional operational weight limitations are presently prescribed by the regulations (Parts 40, 41, and 42) for air carrier airplanes in passenger service. In conjunction with these operational limitations, the aforementioned parts of the regulations also refer to the weight limitations applicable to the take-off and landing elevations. From the standpoint of requiring compliance with these weight/altitude limitations, reference in Parts 40, 41, and 42 to the variation of the maximum certificated weights with altitude would be unnecessary since the obligation is set forth in the requirements for airworthiness certification under Part 4b. However, the reference was made in these parts for the sake of clarity and convenience to the user of the regulations by having all weight limitations in one place. No mention was made of the weight with altitude limitation in Part 43, nor for cargo airplanes, because no specific performance operating limitations are contained in the regulations for nonair-carrier or cargo airplanes, and because the weight with altitude limitation is prescribed in the airworthiness parts of the regulations in conjunction with the issuance of type and airworthiness certificates.

Recently, the Board became aware of the fact that the required variation of weight with altitude was being overlooked by some non-air-carrier operators, particularly on DC-3 and L-18 airplanes. This has come about notwithstanding the fact that, for weights above certain specified limits, Special Civil Air Regulation No. SR-407 requires the application of transport category performance rules which rules are based on a weight/altitude relationship. For this reason, such oversight on the part of the operators legally violates the conditions of the airplane's airworthiness certificate. The Board, in issuing Draft Release No. 55-29, intended to dispel any ambiguity as to the obligation of these operators to comply with such limitations by proposing to include in Part 43, and in Parts 40, 41, and 42 for cargo airplanes, provisions similar to those now applicable to transport category airplanes in which passengers are carried for hire. The proposal if adopted would not introduce a substantive change in the regulations.

It is apparent from the comments resulting from Draft Release No. 55-29 that misconstruction of the regulations has been even more widespread than previously apparent. Moreover, there appears to exist a misunderstanding of the objective of this proposal. For these reasons, a public discussion would be of constructive assistance to a more general understanding of the problem involved.

Accordingly, pursuant to authority delegated by the Civil Aeronautics Board to the Bureau of Safety Regulation notice is hereby given that a meeting is scheduled to be held in Conference Room B, Departmental Auditorium, Constitution Avenue between Twelfth and Fourteen Streets NW., Washington, D. C., commencing at 10:00 a. m., on Thursday, April 12, 1956. It is anticipated that the meeting will last one day.

It is requested that persons planning to attend this meeting notify the Civil Aeronautics Board, attention Bureau of Safety Regulation, Washington 25, D. C., by April 9, 1956.

(Sec. 205, 52 Stat. 984; 49 U. S. C. 425. Interpret or apply secs. 601-610, 52 Stat. 1007-1012, as amended; 49 U. S. C. 551-560)

Dated at Washington, D. C., March 20, 1956.

By the Bureau of Safety Regulation.

[SEAL] JOHN M. CHAMBERLAIN, *Director.*

[F. R. Doc. 56-2288; Filed, Mar. 26, 1956; 8:49 a. m.]

FEDERAL RESERVE SYSTEM

[12 CFR Part 211]

[Reg. K]

CORPORATIONS DOING FOREIGN BANKING OR OTHER FOREIGN FINANCING UNDER THE FEDERAL RESERVE ACT

NOTICE OF PROPOSED RULE MAKING

The Board of Governors of the Federal Reserve System is considering the revision of Part 211 (Regulation K) issued pursuant to authority cited at 12 CFR Part 211 relating to corporations doing foreign banking or other foreign financing under the Federal Reserve Act.

This possible revision of Part 211 is designed to broaden and clarify the authority of corporations operating under section 25 (a) (sometimes called the "Edge Act") of the Federal Reserve Act, to distinguish more clearly between corporations under that section doing a banking business and those doing a nonbanking business, and also to regulate the activities of foreign banking corporations having agreements with the Board of Governors of the Federal Reserve System under section 25 of the Federal Reserve Act.

This notice is published pursuant to section 4 of the Administrative Procedure Act and section 2 of the Rules of Procedure of the Board of Governors of the Federal Reserve System (12 CFR 262.2). The proposed changes are authorized under the authority cited at 12 CFR Part 211, and under section 25 of the Federal Reserve Act.

To aid in the consideration of this matter the Board will be glad to receive from interested persons any relevant data, views or arguments. Although such material may be sent directly to the Board it is preferable that it be sent to the Federal Reserve Bank of the district which will forward it to the Board to be considered. All such material should be submitted in writing to be received not later than May 25, 1956.

The proposed revision of Part 211 is as follows:

Sec.

211.1 Scope and application of regulation.
211.2 Definitions.
211.3 Organization, corporate structure and ownership.
211.4 Banking Corporations and Nonbanking Corporations.
211.5 Operations abroad.
211.6 Limited operations in the United States.
211.7 Acceptances by Banking Corporations.
211.8 Issue of obligations by Nonbanking Corporations.
211.9 Investments in stock of other corporations.
211.10 General limitations and restrictions.
211.11 Corporations with agreements under section 25 of the Federal Reserve Act.

§ 211.1 *Scope and application of regulation.* This part is issued by the Board of Governors of the Federal Reserve System (hereinafter called the "Board of Governors") under authority of the Federal Reserve Act. It applies to corporations organized under section 25 (a) of that act (U. S. C., title 12, secs. 611-631) for the purpose of engaging in international or foreign banking or other international or foreign financial operations, and to the extent specified in § 211.11, to corporations having an agreement or undertaking with the Board of Governors under section 25 of the act (U. S. C., title 12, secs. 601-604).

§ 211.2 *Definitions.* For the purpose of this part, unless the context otherwise requires—

(a) "Corporation" when spelled with a capital "C" means a corporation organized under section 25 (a) of the Federal Reserve Act.

(b) "Banking" means the business of receiving or paying out deposits, or accepting drafts or bills of exchange.

(c) "Banking Corporation" means a Corporation which is engaged in banking.

(d) "Nonbanking Corporation" means a Corporation which is not engaged in banking except to the extent that it is required by the Secretary of the Treasury to act as fiscal agent of the United States. A Corporation in existence on July 1, 1955 is a Banking Corporation if it was engaged in banking on that date, or a Nonbanking Corporation if not so engaged on that date.

(e) "Abroad" means in one or more foreign countries or dependencies or insular possessions of the United States.

(f) "Goods" includes wares, merchandise, commodities and any other tangible personal property (other than money).

(g) "Person" includes any individual, and any corporation, partnership, association or other similar organization.

(h) "Affiliated" when used with respect to two persons means that, directly or indirectly, either one controls, is controlled by, or is under common control with, the other.

(i) "Capital and Surplus" means (1) paid in and unimpaired capital and (2) surplus.

§ 211.3 *Organization, corporate structure and ownership*—(a) *Articles of association and organization certificate.* Any number of natural persons, not less than five, desiring to organize a corporation under section 25 (a) of the Federal Reserve Act shall (1) enter into articles of association (see Form F. R. 151,[1] which is suggested as a satisfactory form of articles of association); (2) make an organization certificate on Form F. R. 152;[1] and (3) forward the articles of association and the organization certificate to the Board of Governors. The articles of association shall specify in general terms the objects for which the Corporation is formed, and may contain any other provisions not inconsistent with law which the Corporation may see fit to adopt for the regulation of its business and the conduct of its affairs. Each person intending to participate in the organization of the Corporation shall sign the articles of association and the organization certificate and shall acknowledge the execution of the latter before a judge of some court of record or notary public, who shall certify thereto under the seal of such court or notary.

(b) *Name.* The name of the Corporation is subject to the approval of the Board of Governors, and a preliminary application for that approval may be filed with the Board of Governors on Form F. R. 150.[1] The name shall in no case resemble the name of any other corporation to the extent that it might result in misleading or deceiving the public as to its identity, purpose, connections or affiliations, and in the case of an application with respect to a Nonbanking Corporation the name shall also comply with § 211.10 (c) (2). The name of any Corporation hereafter organized shall so far as practicable indicate the nature of the business contemplated, and shall include the word "international", "foreign", "overseas", or some similar word. No Nonbanking Corporation hereafter organized will be permitted to have the word "bank" or "banking", or any similar word, as part of its name.

(c) *Authority to commence business.* After the articles of association and organization certificate have been filed with and approved by, and a preliminary permit to begin business has been issued by, the Board of Governors, the association shall become and be a body corporate, but none of its powers, except such as are incidental and preliminary to its organization, shall be exercised until the Board of Governors has issued to it a final permit to commence business. Before the Board of Governors will issue its final permit to commence business, the president, cashier or secretary, together with at least three of the directors, must certify (1) that each director is a citizen of the United States; (2) that a majority of the shares of capital stock is held and owned by citizens of the United States, by corporations the controlling interest in which is owned by citizens of the United States, chartered under the laws of the United States or of a State of the United States, or by firms or companies the controlling interest in which is owned by citizens of the United States; and (3) that of the authorized capital stock specified in the articles of association at least 25 per cent has been paid in in cash and that each shareholder has individually paid in in cash at least 25 percent of his stock subscription. Thereafter the cashier or secretary shall certify to the payment of the remaining installments as and when each is paid in, in accordance with law.

(d) *Amendments to articles of association.* The articles of association may contain provisions relative to the procedure whereby amendments thereof may be effected in any manner not inconsistent with section 25 (a) of the Federal Reserve Act, other applicable law, and this part. No amendment of the articles of association shall become effective unless and until it shall have been approved by the Board of Governors.

(e) *General requirements as to capital stock.* No Corporation may be organized under section 25 (a) with capital stock of less than $2,000,000. The par value of each share of stock shall be specified in the articles of association, and no Corporation will be permitted to issue stock of no par value. If there is more than one class of stock, the name and amount of each class and the obligations, rights, and privileges attaching thereto shall be set forth fully in the articles of association. Each class of stock shall be so named, or so described in the stock certificates by which it is represented, as to indicate as clearly as possible its character and any unusual attributes.

(f) *Citizenship of shareholders.* (1) In order to insure compliance at all times with the requirements of section 25 (a) of the Federal Reserve Act relating to the United States citizenship of those who hold, own, or control a majority of the shares of capital stock of a Corporation, such stock shall be issuable and transferable only on the books of the Corporation, and no issue or transfer of stock which would cause a violation of such requirements of law or of related provisions of this part shall be made upon the books of the Corporation. The board of directors of the Corporation, acting directly or through an agent, may, before making any issue or transfer of stock, require such evidence as in their discretion they may think necessary in order to determine whether or not the issue or transfer of the stock would result in such a violation. The decision of the board of directors in each such case shall be final and conclusive as to, and not subject to question by, any person.

(2) If at any time a change in the status of the holder of any shares of a Corporation causes a violation of the requirements of section 25 (a) of the Federal Reserve Act relating to the United States citizenship of those who hold, own, or control a majority of the shares of capital stock of a Corporation, the board of directors shall, when apprised of that fact, forthwith serve on the holder of the shares in question a notice in writing requiring such holder within two months to transfer such shares to a person then eligible to acquire such shares. When such notice has been given by the board of directors, the shares of stock so held shall cease to confer any right to vote or to participate in dividends thereafter declared; and the right to vote and to receive dividends shall resume only after, and only with respect to votes cast and dividends declared after, the shares have been transferred as required above. If on the expiration of two months after such notice the shares shall not have been so transferred, the shares shall promptly be sold at public or private sale by the Corporation, as agent for and for the account of the ineligible holder, to a person then eligible to acquire such shares. In the event such shares cannot be sold for a reasonable price and within a reasonable time at such a public or private sale, the shares will, with the approval of the Board of Governors, be forfeited to the Corporation.

(3) The board of directors shall prescribe in the by-laws of the Corporation appropriate rules for the registration of the shares of stock in accordance with the terms of the law and this part. The certificates of stock issued by the Corporation shall contain provisions sufficient to put the holder on notice of the terms of the law and regulations defining the limitations upon the rights of ownership and transfer.

§ 211.4 *Banking Corporations and Nonbanking Corporations.* A Banking Corporation (a) shall not issue or have outstanding any debentures, bonds, promissory notes or similar obligations except promissory notes due within one year evidencing borrowing from banks or bankers, and (b) shall not engage (except as to activities of its branch or agency in a foreign country with respect to direct obligations of, or obligations unconditionally guaranteed as to principal and interest by, the national government of such country) in the business of issuing, underwriting, selling or distributing securities. A Nonbanking Corporation shall not engage in banking except to the extent that it is required by the Secretary of the Treasury to act as fiscal agent of the United States. The Board of Governors may grant permission, subject to such conditions as it may prescribe, for a Banking Corporation to change to a Nonbanking Corporation, or for the reverse.

[1] Filed as part of the original document. Copies available upon request to Federal Reserve System, Washington 25, D. C.

§ 211.5 *Operations abroad*—(a) *General.* Except as otherwise provided by law or by this part, a Corporation may exercise abroad, through branches or agencies established with the approval of the Board of Governors or through correspondents or other agents, not only the powers specifically set forth in the law or by this part, but also such powers as may be usual in the determination of the Board of Governors in connection with the transaction of banking in the case of a Banking Corporation, or other financial operations in the case of a Nonbanking Corporation, in the place in which the Corporation is transacting business. As indicated in § 211.6 (e) (2), the activities of a Nonbanking Corporation abroad are limited by the requirement that it shall not, by its activities abroad, engage or participate, directly or indirectly, in certain activities in the United States.

(b) *Branches.* With the prior approval of the Board of Governors, a Corporation may establish branches or agencies abroad.

§ 211.6 *Limited operations in the United States*—(a) *General.* A Corporation shall not carry on any part of its business in the United States except such as shall be incidental to its international or foreign business. It may not engage in the United States in the business of acting as trustee or in a like fiduciary capacity, or act in the United States as registrar or in any similar capacity with respect to the servicing in the United States of any security issue distributed therein; but it may act as paying agent in the United States with respect to securities issued by a "foreign state" as defined in section 25 (b) of the Federal Reserve Act or by a corporation chartered by such a foreign state and not similarly qualified to do business under the laws of the United States or any State (or the District of Columbia) thereof. A Corporation may not establish any branch in the United States, but with the prior approval of the Board of Governors may establish agencies in the United States for specific purposes, but not generally to carry on the business of the Corporation. Funds of a Corporation not currently employed in the international or foreign business of the Corporation in accordance with other provisions of this part, if held or invested in the United States, shall be only in the form of (1) cash, (2) deposits with banks, (3) bankers' acceptances or prime open market commercial paper, or (4) direct obligations of the United States or other investment securities of such kinds, and in such amounts, as the Corporation could purchase within the limitations of section 5136 of the Revised Statutes (U. S. C., title 12, sec. 24) if it were a member bank of the Federal Reserve System. Subject to the other provisions of this part, succeeding paragraphs of this section indicate generally the kinds of transactions by a Corporation which may be considered appropriate in the United States.

(b) *Receipt of deposits in United States by Banking Corporations.* (1) A Banking Corporation may receive only such deposits within the United States as may be incidental to or for the purpose of carrying out transactions abroad. Such deposits may be either time or demand, and shall be subject to all the requirements of Part 217 of this chapter [Reg. Q] (which relates to the payment of interest on deposits and related matters) in the same manner as if the Corporation were a member bank of the Federal Reserve System; but no such deposit shall be a "savings deposit" as defined in Part 217 of this chapter. If a Banking Corporation receives deposits in the United States, it shall maintain reserves against such deposits in the same manner and amount (but in no event less in the aggregate than 10 percent of such deposits) as if it were a member bank of the Federal Reserve System, and shall in like manner submit reports of deposits and be subject to all the requirements of Part 204 of this chapter [Reg. D] which relates to reserves of member banks).

(2) A deposit (other than one to be used to make payments for expenses in the United States of a United States office or representative) received in the United States by a Banking Corporation from a foreign depositor will ordinarily be considered incidental to or for the purpose of carrying out transactions abroad provided the deposit (i) is to be used to make payments for transactions abroad, for goods exported or imported, for other direct costs of export or import, or for carrying out transactions with the Corporation under paragraph (c) or (d) of this section; or (ii) is to be held for reserve or working balance purposes. As used in this paragraph "foreign depositor" means a foreign government, a person conducting business principally at the person's offices or establishments abroad, or a foreign national resident abroad.

(3) A deposit (other than one to be used to make payment for expenses in the United States of a United States office or representative) received in the United States by a Banking Corporation from a depositor who is not a foreign depositor will ordinarily be considered incidental to or for the purpose of carrying out transactions abroad provided the deposit (i) is for transmission to a place abroad; or (ii) is to provide collateral or payment for extensions of credit by the Corporation; or (iii) represents proceeds of collections abroad which are to be used to make payments for goods exported or imported or for other direct costs of export or import, or periodically transferred to the depositor's account at another bank; or (iv) represents proceeds of extensions of credit by the Corporation which are to be used for the purposes of the credit extension or to be periodically transferred to the depositor's account at another bank.

(c) *Extensions of credit in United States by Banking Corporations.* It will ordinarily be considered incidental to the international or foreign business of a Banking Corporation for it to engage in any of the following transactions in the United States with respect to extensions of credit—

(1) As principal or as agent for another bank, issue, confirm, or advise letters of credit or other authorizing instruments (or receive and forward to another bank applications therefor) which contemplate the drawing of "qualifying drafts". As used in this paragraph "qualifying drafts" means drafts or bills of exchange drawn, or written receipts given, to cover specific goods in the process of being (i) exported from or imported into the United States, (ii) temporarily stored in the United States as part of such an exportation or importation, (iii) stored abroad, or (iv) shipped within or between places abroad, or to cover (v) performance of specific contracts at places abroad or of specific international or foreign transactions, (vi) cost of operating ships in international or foreign transportation, or (vii) payments in connection with international or foreign transfers of royalties, copyrights or patent rights or with the rendering of services at, or necessary for carrying out projects at, places abroad.

(2) As principal or as agent for another bank, accept, negotiate, present, discount, purchase, or pay "qualifying drafts", if the Corporation issued, confirmed or advised the authorizing letter of credit or other authorizing instrument or if the office of the Corporation is named in the authorizing instrument as the place of payment or an optional place of payment thereof.

(3) Accept drafts or bills of exchange which are drawn by a bank or banker located in a place abroad for the purpose of furnishing dollar exchange as required by the usages of trade in such place.

(4) Purchase, discount, or lend on, documentary or other drafts which the Corporation is to send to a place abroad for collection.

(5) Make advances to, or acquire the obligations of, foreign governments; or, if the advances or acquisitions are for the purpose of financing transactions abroad or payment for goods exported or imported or other direct costs of export or import (but not expenses in the United States of a United States office or representative), make advances to, or acquire the obligations of, persons conducting business principally at such persons' offices or establishments abroad or foreign nationals resident abroad.

(6) Finance by loan, acceptance, or otherwise—

(i) The shipment (but not production) of specific goods which are being exported, or being accumulated for export as part of an existing export financing arrangement of the Corporation; or

(ii) The importation of specific goods into the United States, which may include lending against the shipping documents pending arrival of the goods from a place abroad; or

(iii) In the case of specific goods whose importation into the United States was financed by the Corporation, the delivery of the goods to the purchaser through domestic transport facilities or the assembly or packaging of the goods for resale without essential change in the nature of the product.

(d) *Other activities in United States by Banking Corporations.* It will ordinarily be considered incidental to the international or foreign business of a

Banking Corporation for it to engage in any of the following other activities in the United States—

(1) Buy and sell spot and future foreign exchange.

(2) Receive checks, drafts, bills of exchange, acceptances, notes, bonds, coupons and other securities for collection abroad, and collect such instruments in the United States when received from customers abroad.

(3) Hold securities in safekeeping for, or buy and sell securities upon the order and for the account and risk of, customers abroad with whom other relationships permitted by this regulation are maintained.

(e) *Activities in United States by Nonbanking Corporations.*

(1) A Nonbanking Corporation shall carry on in the United States only such business as may be required to—

(i) Finance its own authorized activities abroad (e. g., borrow money or issue its own securities) or hold or invest, in accordance with paragraph (a) of this section, funds not currently employed in the international or foreign business of the Corporation.

(ii) Acquire obligations (by purchasing, discounting, or lending thereon) which cover the export of specific goods (including directly related services and other direct costs of the export, but not expenses in the United States of a United States office or representative), have as a primary obligor a foreign government or a person conducting business principally at the person's offices or establishments abroad, and are acquired by the Corporation as part of such export transaction.

(iii) Make advances to, or acquire the obligations of, foreign governments; or, if the advances or acquisitions are for the purpose of financing transactions abroad or payment for goods exported (including directly related services and other direct costs of the export, but not expenses in the United States of a United States office or representative), make advances to, or acquire the obligations of, a person conducting business principally at the person's offices or establishments abroad.

(iv) Issue sight letters of credit undertaking to extend credit authorized under other provisions of this paragraph, but in no event contemplating the accepting of any drafts.

(2) A Nonbanking Corporation, in issuing, underwriting, selling or distributing securities abroad, shall not engage or participate in the underwriting, sale or distribution of securities in the United States (except the issuance of its own securities), and may not so engage or participate directly or indirectly or through an agency or on a commission or consignment basis or in any other manner. If a security issue is being sold or distributed partly in and partly outside the United States, a Nonbanking Corporation may not underwrite, even on a standby basis, that portion being sold or distributed in the United States (no matter by whom it is being so sold or distributed).

§ 211.7 *Acceptances by Banking Corporations*—(a) *General.* In accepting drafts or bills of exchange as permitted in §§ 211.5 and 211.6, a Banking Corporation shall comply with the requirements set forth in the succeeding paragraphs of this section.

(b) *Maturity.* No Banking Corporation shall accept any draft or bill of exchange drawn for the purpose of furnishing dollar exchange having at the date of its acceptance more than three months to run, or accept any other draft or bill of exchange having at the date of its acceptance more than six months to run, exclusive in either case of days of grace.

(c) *Limitations.* No acceptances shall be made for the account of any one person in an amount aggregating at any time in excess of 10 percent of the capital and surplus of the Corporation, unless the transaction is fully secured or unless it represents an exportation or importation of goods and the primary obligation to reimburse the Corporation is also guaranteed by a bank or banker. Whenever the aggregate of acceptances outstanding at any time exceeds the amount of the Corporation's capital and surplus, 50 percent of all the acceptances in excess of such amount up to twice the amount of the capital and surplus, and all the acceptances outstanding in excess of such double amount, (1) shall be fully secured, or (2) shall represent exportation or importation of goods and have the primary obligation to reimburse the Corporation also guaranteed by a bank or banker. In accepting drafts drawn for the purpose of furnishing dollar exchange, a Banking Corporation shall be subject to all the limitations and requirements of Part 203 of this chapter (which relates to acceptance by member banks of drafts and bills of exchange) that would apply if it were a member bank of the Federal Reserve System.

§ 211.8 *Issue of obligations by Nonbanking Corporations*—(a) *General.* A Nonbanking Corporation is not required to obtain the approval of the Board of Governors before issuing any of its debentures, bonds, promissory notes or other such obligations, but as specified in § 211.10 (b), it shall in no event have liabilities outstanding at any time exceeding ten times its capital and surplus. Every Nonbanking Corporation shall carry on its business in accordance with sound financial policies, including among other considerations, a proper regard to the relationship between its assets and the maturities of its obligations, so as to give reasonable assurance that the Corporation will be in a position to pay its obligations as they mature. All obligations issued by a Nonbanking Corporation (except promissory notes due within one year evidencing borrowing from banks or bankers) shall contain therein a statement prominently setting forth that the obligations are the obligations solely of the Nonbanking Corporation, and that no other individual, organization, or group has any direct or indirect responsibility for their payment. Further requirements are set forth in paragraphs (b), (c) and (d) of this section with respect to secured obligations, unsecured obligations, and information to be made available.

(b) *Secured obligations.* All secured obligations issued by a Nonbanking Corporation (except promissory notes due within one year evidencing borrowing from banks or bankers) shall be secured by collateral which, unless placed under the control of the person or persons owning all the obligations secured thereby, shall be transferred and delivered free of any prior lien, charge, or encumbrance thereon, to a member bank of the Federal Reserve System as the trustee under a trust indenture executed by the Nonbanking Corporation as security for the obligations of the Corporation issued or to be issued thereunder, which trust indenture shall prescribe the general form of such obligations and shall require that every such obligation shall be authenticated by the certificate of the trustee noted thereon.

(c) *Unsecured obligations.* In the event a Nonbanking Corporation issues or has outstanding any unsecured obligations (except promissory notes due within one year evidencing borrowing from banks or bankers), the Corporation shall comply with the following requirements—

(1) Loans or other credits acquired or guaranteed by the Corporation shall have a maturity of not more than 5 years at the time they are so acquired or guaranteed: *Provided, however,* That this limitation shall not apply to the extent, that loans or credits, or scheduled installments of loans or credits, which mature after five and within ten years (i) do not exceed in the aggregate 100 percent of the Corporation's capital and surplus, (ii) are secured or covered by unconditional guaranties, commitments or agreements to take over or purchase made by the United States or any department or establishment of, or corporation wholly owned by, the United States or by the International Bank for Reconstruction and Development or the International Finance Corporation (each such guaranty, commitment or agreement being hereinafter called a "governmental guaranty"), or (iii) are direct obligations of, or obligations unconditionally guaranteed by, the appropriate financial or central banking authority of a foreign government, and are also secured or covered, on a proportionate basis and to the extent of at least 25 percent, by a "governmental guaranty."

(2) All unsecured obligations issued by the Corporation (except promissory notes due within one year evidencing borrowing from banks or bankers) shall contain a provision, or shall be issued under an agreement, which shall provide that the Corporation will not, during the time any such obligations remain outstanding—

(i) Issue any obligations, regardless of maturity or payee (except in renewal or retirement of an equivalent amount of indebtedness), if immediately thereafter the fair value of the assets of the Corporation, excluding notes, drafts, bills of exchange and other evidences of indebtedness that are in default as to either principal or interest for a period in excess of six months, would be less than 110 percent of the aggregate principal

amount of all borrowings of the Corporation.

(ii) Mortgage, pledge or otherwise subject any of its assets to any lien or charge to secure any indebtedness for borrowed money or to secure any other obligations of the Corporation, unless each person holding any of the Corporation's secured obligations, which would remain outstanding after such transaction, either grants his consent or is provided with security substantially equivalent in value (in proportion to obligations held) to that provided by such mortgage, pledge, lien or charge;

(iii) Sell, lease, assign or otherwise dispose of all or substantially all its assets; or

(iv) Declare or pay any dividend (other than a dividend payable in stock of the Corporation) or authorize or make any other distribution (except upon redemption of preferred stock, including payments made for this purpose into a preferred stock sinking fund, in accordance with law and the articles of association of the Corporation) on any stock of the Corporation otherwise than out of the earned surplus of the Corporation as determined in accordance with generally accepted accounting principles.

(d) *Information.* No prospectus, circular, letter, advertisement, or other statement published or issued in any form or manner by a Nonbanking Corporation, or by persons underwriting, selling, or distributing an issue of obligations by the Corporation, shall contain any matter to indicate that any obligations issued by such Corporation or the collateral securing same has in any way received the approval of the Board of Governors or any other agency of the United States or that the collateral securing same has been appraised or approved in any way by the Board of Governors or any other agency of the United States. There shall be set forth on the outside front cover page of every prospectus the following statement in capital letters printed in bold-face roman type at least as large as ten-point modern type and at least two points leaded:

These securities have not been approved or disapproved by the Board of Governors of the Federal Reserve System or any other agency of the United States nor has the Board or any other agency of the United States passed upon the accuracy or adequacy of this prospectus. These securities are the obligation solely of (Name of Nonbanking Corporation), and no other individual, organization, or group has any direct or indirect responsibility for their payment.

Within forty days after issuing any obligations (except promissory notes due within one year evidencing borrowing from banks or bankers), a Nonbanking Corporation shall file with the Board or Governors copies of all prospectuses and other literature describing or affecting such issue published by the Corporation or its officers or by persons underwriting, selling or distributing the issue, and shall also file with the Board of Governors the information described in subparagraphs (1) through (4) of this paragraph to the extent, if any, that such information is not contained in such prospectuses. The information described in subparagraphs (1) through (4) of this paragraph is as follows:

(1) The amount of the funded debt outstanding and to be created by the obligations offered, including the net price received and to be received by the Corporation for such obligations, with a brief description of the date, maturity, and character of such debt, rate of interest, character of amortization provisions, and the collateral, if any, provided or to be provided therefor, and a summarized statement of the conditions, if any, under which substitution of collateral is permitted, and if substitution is permissible without notice, a specific statement to that effect.

(2) A balance sheet showing all assets and liabilities, including contingent liabilities, of the Corporation with supporting schedules in the form prescribed by the Board of Governors for reports of condition (Form F. R. 314)[1] and an analysis of surplus showing how and from what sources such surplus was created, all as of the close of business on the date of issuance of the obligations, and giving effect thereto.

(3) A copy of any underlying agreements or indentures affecting the obligations.

(4) A copy of the opinion or opinions of counsel as to the legality of the issue, the validity of any indenture, and the sufficiency of any transfers of collateral executed under any indenture.

§ 211.9 *Investments in stock of other corporations*—(a) *General.* With the prior consent of the Board of Governors and subject to the provisions of section 25 (a) of the Federal Reserve Act and this part, a Corporation may purchase and hold stock in other corporations. The succeeding paragraphs of this section indicate the circumstances in which such consent may be granted upon individual application, those in which such consent is generally not granted, and those in which such consent is granted by this part. Any consent granted by the Board upon individual application may be conditional, and the conditions prescribed may apply to activities of the Corporation and also to activities of the corporation in which stock is purchased or held. A Corporation may purchase and hold stock where such purchase is necessary to prevent a loss upon a debt previously contracted in good faith; but stock so acquired shall be disposed of within six months from the date of acquisition unless such time is extended by the Board of Governors. As used in this section, the term "stock" includes all certificates of ownership.

(b) *By Banking Corporations.* Consent of the Board of Governors for a Banking Corporation to purchase and hold stock in other corporations will not be granted except upon individual application setting forth the relevant facts and circumstances. The Board of Governors ordinarily will not grant consent for a Banking Corporation to purchase and hold stock in a corporation not engaged in banking or closely related activities.

(c) *By Nonbanking Corporations.* Subject to applicable requirements of law and of this part, the Board of Governors hereby grants its consent for a Nonbanking Corporation to purchase at places abroad and hold stock in corporations which are not engaged in banking and also are not incorporated (or similarly qualified to do business) under the laws of the United States or any State (or the District of Columbia) thereof, provided such purchase or holding does not cause the Nonbanking Corporation to be affiliated with any person engaged in banking or with any person the stock of which the Corporation would be forbidden to purchase or hold under paragraph (d) of this section. In any other instance consent of the Board of Governors for a Nonbanking Corporation to purchase and hold stock will not be granted, except in special cases upon individual application setting forth the relevant facts and circumstances. The Board of Governors ordinarily will not grant consent for a Nonbanking Corporation to purchase and hold stock in a corporation engaged in banking.

(d) *Statutory limitations.* Under section 25 (a) of the Federal Reserve Act, the following limitations apply to the purchase or holding of stock by a Corporation—

(1) The corporation whose stock is purchased or held (i) shall be organized under section 25 (a) of the Federal Reserve Act, the laws of any foreign country or a colony or dependency thereof, or the laws of any State, dependency, or insular possession of the United States; and (ii) shall not be engaged in the general business of buying or selling goods in the United States; and (iii) shall not be transacting any business in the United States except such as in the judgment of the Board of Governors may be incidental to its international or foreign business.

(2) Except with the prior approval of the Board of Governors in addition to any consent of the Board of Governors otherwise required, a Corporation shall not invest an amount in excess of 15 percent of its capital and surplus in the stock of any one corporation engaged in the business of banking, or an amount in excess of 10 percent of its capital and surplus in the stock of any other kind of corporation.

(3) A Corporation shall not purchase, own, or hold any stock in any other corporation organized under section 25 (a) of the Federal Reserve Act or under the laws of any State, which is in substantial competition therewith, or which holds stock in corporations which are in substantial competition with the purchasing Corporation.

§ 211.10 *General limitations and restrictions*—(a) *Liabilities of one borrower.* The total liabilities to a Corporation of any person or government for money borrowed shall at no time exceed in the case of a Banking Corporation 10 percent of its capital and surplus, or in the case of a Nonbanking Corporation 20 percent thereof. For the purposes of this paragraph, the cost to a Corporation

[1] See § 262.5, Code of Federal Regulations.

of any stock owned by it shall, unless otherwise specified by the Board of Governors in a particular case, be treated as if it were a liability of the issuer of the stock for money borrowed; all bonds, notes or other such obligations, whether or not purchased in the open market, shall be treated as such a liability; the liabilities of a partnership or firm shall include those of the several members thereof; the liabilities of a corporation shall include those of all subsidiaries thereof in which the corporation owns or controls a majority interest; and the liabilities of a foreign government shall include those of all its departments or agencies which derive their funds principally from the general tax revenues of the foreign government. For the purposes of this paragraph, obligations of a Nonbanking Corporation which do not mature within 5 years and are subordinated to all other debt of the Corporation may be treated as part of the Corporation's capital and surplus. The limitations contained in this paragraph shall not apply (1) to obligations in the form of drafts or bills of exchange drawn in good faith against actually existing values; (2) to obligations arising out of the discount of commercial or business paper actually owned by the person negotiating the same; (3) to the liability of a customer on account of an acceptance made by the Corporation for his account unless the Corporation itself holds the acceptance or the acceptance has matured and the customer has failed to place the Corporation in funds to cover payment of the acceptances; (4) to the extent that liabilities are direct obligations of the United States or are secured or covered by unconditional guaranties, commitments or agreements to take over or to purchase, made by the United States or by any department or establishment of, or corporation wholly owned by, the United States or by the International Bank for Reconstruction and Development or the International Finance Corporation (each such guaranty, commitment or agreement being hereinafter called a "governmental guaranty"); (5) to direct obligations of, or obligations unconditionally guaranteed by, the appropriate financial or central banking authority of a foreign government, which are also secured or covered, on a proportionate basis and to the extent of at least 25 percent, by a "governmental guaranty"; (6) to direct obligations of the national government of a foreign country in which the Corporation has a branch or agency, or obligations fully and unconditionally guaranteed as to principal and interest by such government, provided such branch or agency has outstanding equal or greater liabilities payable in the same currency; or (7) to such other classes of transactions at a branch or agency of a Corporation in a foreign country as the Board of Governors may, upon application of the Corporation, exclude from the limitations of this paragraph due to special circumstances surrounding such transactions in such country.

(b) *Aggregate liabilities of corporation.* Except with the prior permission of the Board of Governors, the aggregate outstanding liabilities of (1) a Banking Corporation on account of acceptances, monthly average domestic and foreign deposits, borrowings, guaranties, endorsements and any other obligations, or (2) a Nonbanking Corporation on account of debentures, bonds, notes, guaranties, endorsements and any other obligations, shall not exceed ten times the amount of the Corporation's capital and surplus. In determining the amount of the liabilities within the meaning of this paragraph, endorsements of bills of exchange having not more than six months to run, drawn and accepted by others, shall not be included.

(c) *Relations of Nonbanking Corporations with affiliated banks.* (1) Whenever a Nonbanking Corporation is affiliated with a bank in the United States, such Corporation shall not incur any liability to such bank that would cause the total liabilities of such Corporation to such bank to exceed 10 percent of the capital and surplus of such bank, or cause the total liabilities to such bank of all Nonbanking Corporations affiliated with such bank to exceed 20 percent of such capital and surplus. For the purposes of this paragraph, a Nonbanking Corporation incurs a liability to a bank whenever such bank or any organization affiliated with such bank (other than such Nonbanking Corporation or any organization controlled by it) makes (i) any investment in, or advance on the collateral security of, capital stock or obligations of such Corporation or any organization controlled by it, or (ii) any loan or extension of credit to, or any purchase under repurchase agreement form, such Corporation or any organization controlled by it.

(2) No Nonbanking Corporation hereafter organized shall have a name which is similar to the name of, or identifies the Corporation with, any bank in the United States with which such Nonbanking Corporation is affiliated.

(d) *Sale of securities with guaranty or endorsement.* Whenever a Corporation sells, discounts, or negotiates with its endorsement or guaranty any securities, notes, drafts, bills of exchange, acceptances, bankers' acceptances, or other evidence of indebtedness, it shall enter on its books a proper record thereof, describing in detail each such evidence of indebtedness so sold, discounted, or negotiated, the amounts thereof, the parties thereto, the maturity thereof, and the nature of the Corporation's liability thereon. Every financial statement of the Corporation submitted to the Board of Governors or made public in any way shall show the aggregate amount of all such liabilities outstanding as of the date on which such statement purports to show the financial condition of the Corporation.

(e) *Reports.* Each Corporation shall make at least two reports annually to the Board of Governors at such times and in such form as the Board may require. The Board may, in its discretion, require that statements of condition or such other reports as it may specify be published or made available for public inspection.

(f) *Examinations.* Each Corporation shall be examined at least once a year by examiners appointed by the Board of Governors. Each Corporation shall obtain and make available to such examiners, among other things, such information as to the earnings, finances, management and other aspects of any corporation whose stock is held by the Corporation as may be appropriate for appraising such investment and determining its suitability. When required by the Board of Governors, each Corporation shall cause any organization controlled by it to permit such examiners to examine such organization. The cost of examinations shall be fixed by the Board of Governors and paid by the Corporation.

(g) *Amendments.* This part is subject to amendment by the Board of Governors from time to time.

§ 211.11 *Corporations with agreements under section 25 of the Federal Reserve Act.* In addition to any other requirements to which it may be subject, no corporation having an agreement or undertaking with the Board of Governors under section 25 of the Federal Reserve Act shall purchase or hold any asset, or otherwise exercise any of its powers in the United States or abroad in any manner, which would not be permissible under the provisions of this part if such corporation were a Banking Corporation.

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM,
[SEAL] MERRITT SHERMAN,
Assistant Secretary.

[F. R. Doc. 56-2291; Filed, Mar. 26, 1956; 8:50 a. m.]

NOTICES

DEPARTMENT OF THE INTERIOR

Bureau of Reclamation

MILK RIVER PROJECT, MONTANA

ORDER OF REVOCATION

JANUARY 10, 1956.

Pursuant to the authority delegated by Departmental Order No. 2765 of July 30, 1954 (19 F. R. 5004), I hereby revoke Departmental Orders of August 18, 1902, and August 25, 1904, insofar as said orders affect the following described lands: *Provided, however,* That such revocation shall not affect the withdrawal of any other lands by said orders or affect any other orders withdrawing or reserving the lands hereinafter described:

MONTANA PRINCIPAL MERIDIAN, MONTANA

T. 28 N., R. 32 E.,
Sec. 25, SW¼NW¼ and W½SW¼;
Sec. 26, SE¼SE¼.

The above areas aggregate 160 acres.

E. G. NIELSEN,
Assistant Commissioner.

[70693]

MARCH 21, 1956.

I concur. The records of the Bureau of Land Management will be noted accordingly.

The lands are included in allowed homestead entry, Great Falls 055588, and are therefore not subject to the provisions of the act of September 27, 1944 (58 Stat. 747; 43 U. S. C. 279–284) as amended, granting preference rights to veterans of World War II, the Korean Conflict, and others.

EDWARD WOOZLEY,
Director,
Bureau of Land Management.

[F. R. Doc. 56-2271; Filed, Mar. 26, 1956; 8:46 a. m.]

FEDERAL POWER COMMISSION

[Docket No. G-7935 etc.]

SOUTHLAND ROYALTY CO. ET AL.

NOTICE OF APPLICATIONS AND DATE OF HEARING

Take notice that each of the applicants listed below has filed an application for a certificate of public convenience and necessity pursuant to section 7 (c) of the Natural Gas Act, authorizing such applicant to continue to sell natural gas subject to the jurisdiction of the Commission, all as more fully represented in the respective applications which are on file with the Commission and open for public inspection. These matters should be consolidated and disposed of as promptly as possible under the applicable rules and regulations and to that end:

Take further notice that, pursuant to the authority contained in and subject to the jurisdiction conferred upon the Federal Power Commission by sections 7 and 15 of the Natural Gas Act, and the Commission's rules of practice and procedure, a hearing will be held on the date and at the place hereinafter stated, concerning the matters involved in and the issues presented by such applications: *Provided, however,* That the Commission may, after a non-contested hearing, dispose of the proceedings pursuant to the provisions of § 1.30 (c) (1) of the Commission's rules of practice and procedure.

Protests or petitions to intervene may be filed with the Federal Power Commission, Washington 25, D. C., in accordance with the rules of practice and procedure (18 CFR 1.8 or 1.10) not less than ten days before the date of hearing. Failure of any party to appear at and participate in the hearing shall be construed as waiver of and concurrence in omission herein of the intermediate decision procedure in cases where a request for waiver is made. Under the procedure herein provided for, unless otherwise advised, it will be unnecessary for applicants to appear or be represented at the hearing.

The dockets, applicants and material averments in applications to which reference is made above are as follows:

Docket No.; Name and Address; Filing Date; Gas Field; and Purchaser

G-7935; Southland Royalty Company, Fort Worth, Tex.; 12-3-54; Spraberry, Reagan County, Tex.; Texas Gas Products Corporation.

G-7937; Delfern Oil Company, Lubbock, Tex.; 12-3-54; Levelland, Hockley and Cochran Counties, Tex.; Stanolind Oil & Gas Company.

G-7938; Delfern Oil Company, Lubbock, Tex.; 12-3-54; Levelland, Hockley and Cochran Counties, Tex.; Stanolind Oil & Gas Company.

G-7939; Delfern Oil Company, Lubbock, Tex.; 12-3-54; East Shamrock, Wheeler County, Tex.; United Carbon Company, Inc.

G-7942; Sharp Drilling Company, Midland, Tex.; 12-3-54; Benedum and Spraberry, Upton County, Tex.; Texas Gas Products Corporation.

G-7943; Gordon P. Street, Midland, Tex.; 12-3-54; Spraberry, Reagan County, Tex.; El Paso Natural Gas Company.

G-7996; W. F. Clinger, Warren, Pa.; 12-3-54; Forest County Field, Pa.; Pennsylvania Gas Company.

G-8000; Davison, Prager, Rutter and Wilbanks Brothers, Midland, Tex.; 12-3-54; Spraberry Trend, Midland County, Tex.; Texas Gas Products Corporation.

G-8001; Sargent and Wilbanks, Midland, Tex.; 12-3-54; Spraberry Trend, Midland County, Tex.; Texas Gas Products Corporation.

G-8002; Rutter and Wilbanks Brothers, Midland, Tex.; 12-3-54; Spraberry Trend, Midland County, Tex.; El Paso Natural Gas Company.

G-8003; Cosden Petroleum Corporation, Midland, Tex.; 12-3-54; Spraberry Trend, Midland County, Tex.; El Paso Natural Gas Company.

G-8004; Cosden Petroleum Corporation, Rutter & Wilbanks Brothers, Midland, Tex.; 12-3-54; Spraberry Trend, Midland County, Tex.; Texas Gas Products Corporation.

G-8005; Reliance Development Corporation, San Antonio, Tex.; 12-3-54; Sanford, Hutchinson County, Tex.; Frank C. Henderson Trust No. 2, and Elizabeth P. Henderson Trust No. 2.

G-8006; Panhandle Producing Company, San Antonio, Tex.; 12-3-54; Sanford, Hutchinson County, Tex.; Frank C. Henderson Trust No. 2, and Elizabeth P. Henderson Trust No. 2.

A public hearing will be held on the 26th day of April 1956, beginning at 9:30 a. m., e. s. t., in a hearing room of the Federal Power Commission, 441 G Street NW., Washington, D. C., concerning the matters involved in and the issues presented by the above applications.

[SEAL] LEON M. FUQUAY,
Secretary.

MARCH 21, 1956.

[F. R. Doc. 56-2272; Filed, Mar. 26, 1956; 8:47 a. m.]

[Docket Nos. G-9977, G-9979, G-10,008]

PACIFIC NORTHWEST PIPELINE CORP.

NOTICE OF APPLICATION AND DATE OF HEARING

MARCH 21, 1956.

Take notice that Pacific Northwest Pipeline Corporation (applicant), a Delaware corporation with its principal place of business in Houston, Texas, filed, on February 20 and 27, 1956, three applications for certificates of public convenience and necessity, pursuant to section 7 of the Natural Gas Act, authorizing the construction and operation of certain gas facilities to further expand the service authorized in previous proceedings, as hereinafter described, all as more fully represented in the applications, which are on file with the Commission and open to public inspection.

In its application filed in Docket No. G-9977, applicant proposes to construct and operate 31 miles of 6-inch pipeline from Pendleton, Oregon, to a point near Walla Walla, Washington, in lieu of 29 miles of 4-inch pipeline which was authorized in Docket No. G-1429.

Applicant states that due to a minor change in the location of its main pipeline it will be necessary to lengthen the proposed lateral to Walla Walla from 29 to 31 miles. In addition, Applicant states that since the close of the hearings in Docket No. G-8934, the requirements of the customers proposed to be served from the Walla Walla lateral have increased to such an extent that it is necessary to increase the diameter of the proposed lateral.

The estimated overall cost of the proposed facilities is $672,160, or approximately $259,129 more than applicant had originally estimated for the Walla Walla lateral and will be financed as a part of the overall of its pipeline project.

Applicant, in Docket No. G-9979, proposes to construct and operate 71.1 miles of 10-inch, 62.7 miles of 8-inch, and 3.1 miles of 6-inch pipeline from a point of connection on its main pipeline at Compressor Station No. 14 to Wenatchee, Washington. The 71.1 miles of 10-inch line will extend to Yakima, Washington, from which point the 8-inch and 6-inch line will extend to Wenatchee. These facilities are to be constructed in lieu of 72 miles of 8-inch and 68 miles of 6-inch pipeline authorized in Docket No. G-8934.

Applicant states that the proposed changes in the Yakima-Wenatchee lateral are the result of a re-evaluation of potential markets to be served from this lateral.

The total estimated cost of the proposed lateral is $4,146,146, or $1,192,775 more than originally estimated for the Yakima-Wenatchee lateral and will be financed as a part of the overall financing of the entire pipeline project.

In Docket No. G-10,008, Applicant proposes to construct and operate 36.7 miles of 6⅝-inch and 13.3 miles of 4½-inch lateral line extending from a point on Applicant's main line near Dove Creek, Colorado, through Nucla, Colorado, to Uravan, Colorado, together with necessary measuring and regulating equipment. The lateral is proposed to be used to provide direct industrial interruptible service to the Vanadium Corporation of America at Nucla, and the Union Carbide Nuclear Company at Uravan.

Applicant was authorized to deliver estimated volumes of 3,500 Mcf per day to Union Carbide and 2,500 Mcf per day to Vanadium in Docket No. G-8934.

The total estimated cost of facilities proposed for this service is $1,062,880 to

be obtained from funds available through the overall financial program, as in the other dockets.

These related matters should be heard on a consolidated record and disposed of as promptly as possible under the applicable rules and regulations and to that end:

Take further notice that, pursuant to the authority contained in and subject to the jurisdiction conferred upon the Federal Power Commission by sections 7 and 15 of the Natural Gas Act, and the Commission's rules of practice and procedure, a hearing will be held on April 23, 1956, at 9:30 a. m., e. s. t., in a hearing room of the Federal Power Commission, 441 G Street NW., Washington, D. C., concerning the matters involved in and the issues presented by such applications: *Provided, however,* That the Commission may, after a noncontested hearing, dispose of the proceedings pursuant to the provisions of § 1.30 (c) (1) or (2) of the Commission's rules of practice and procedure. Under the procedure herein provided for, unless otherwise advised, it will be unnecessary for Applicants to appear or be represented at the hearing.

Protests or petitions to intervene may be filed with the Federal Power Commission, Washington 25, D. C., in accordance with the rules of practice and procedure (18 CFR 1.8 or 1.10) on or before April 6, 1956. Failure of any party to appear at and participate in the hearing shall be construed as waiver of and concurrence in omission herein of the intermediate decision procedure in cases where a request therefor is made.

[SEAL] LEON M. FUQUAY, *Secretary.*

[F. R. Doc. 56-2273; Filed, Mar. 26, 1956; 8:47 a. m.]

[Docket No. G-4280 etc.]

NATURAL GAS PIPELINE COMPANY OF AMERICA ET AL.

ORDER FOR ORAL ARGUMENT

MARCH 21, 1956.

In the matters Natural Gas Pipeline Company of America, Docket No. G-4280; Mid-Continent Petroleum Corporation, Docket No. G-4281; Warren Petroleum Corporation, Docket No. G-4282; Oil Drilling, Inc., et al., Docket No. G-4283; Lone Star Gas Company, Docket No. G-8763.

Exceptions have been filed to the Presiding Examiner's decision in the above-named dockets and requests have been made for oral argument before the Commission.

The Commission finds: The requests for oral argument should be granted.

The Commission orders:

(A) Oral argument in the above-named dockets be held before the Commission on April 24, 1956, at 10:00 a. m., e. s. t., in the hearing room of the Federal Power Commission, 441 G Street NW., Washington 25, D. C.

(B) Request for time for presentation of oral argument should be filed with the Secretary of the Federal Power Commission on or before April 13, 1956.

By the Commission.

[SEAL] LEON M. FUQUAY, *Secretary.*

[F. R. Doc. 56-2274; Filed, Mar. 26, 1956; 8:47 a. m.]

[Docket No. E-6640]

NIAGARA MOHAWK POWER CORP.

NOTICE OF ORDER AUTHORIZING TRANSMISSION OF ELECTRIC ENERGY TO CANADA

MARCH 21, 1956.

Notice is hereby given that on March 16, 1956, the Federal Power Commission issued its order, authorizing transmission of electric energy from the United States to Canada in the above-entitled matter.

[SEAL] LEON M. FUQUAY, *Secretary.*

[F. R. Doc. 56-2276; Filed, Mar. 26, 1956; 8:47 a. m.]

[Docket No. G-2409]

NORTHERN NATURAL GAS CO.

NOTICE OF ORDER AFFIRMING DECISION DENYING CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

MARCH 21, 1956.

Notice is hereby given that on March 16, 1956, the Federal Power Commission issued its order, modifying and affirming as modified the initial decision of the Presiding Examiner denying a certificate of public convenience and necessity in the above-entitled matter.

[SEAL] LEON M. FUQUAY, *Secretary.*

[F. R. Doc. 56-2277; Filed, Mar. 26, 1956; 8:48 a. m.]

[Project No. 2191]

PACIFIC POWER & LIGHT CO.

NOTICE OF ORDER ISSUING PRELIMINARY PERMIT

MARCH 21, 1956.

Notice is hereby given that on March 16, 1956, the Federal Power Commission issued its order, issuing preliminary permit in the above-entitled matter.

[SEAL] LEON M. FUQUAY, *Secretary.*

[F. R. Doc. 56-2278; Filed, Mar. 26, 1956; 8:48 a. m.]

[Docket No. G-3940]

WUNDERLICH DEVELOPMENT CO.

NOTICE OF ORDER MODIFYING AND AFFIRMING DECISION

MARCH 21, 1956.

Notice is hereby given that on March 19, 1956, the Federal Power Commission issued its order, modifying and affirming decision of the Presiding Examiner in the above-entitled matter.

[SEAL] LEON M. FUQUAY, *Secretary.*

[F. R. Doc. 56-2279; Filed, Mar. 26, 1956; 8:48 a. m.]

[Docket Nos. G-9496, G-9666]

SOUTHERN NATURAL GAS CO. AND COLORADO INTERSTATE GAS CO.

NOTICE OF FINDINGS AND ORDERS

MARCH 21, 1956.

Notice is hereby given that on March 15, 1956, the Federal Power Commission issued its findings and orders, issuing certificates of public convenience and necessity in the above-entitled matters.

[SEAL] LEON M. FUQUAY, *Secretary.*

[F. R. Doc. 56-2280; Filed, Mar. 26, 1956; 8:48 a. m.]

[Docket No. G-9835]

T. W. PHILLIPS GAS AND OIL CO.

NOTICE OF DECLARATION OF EXEMPTION

MARCH 21, 1956.

Notice is hereby given that on March 15, 1956, the Federal Power Commission issued its declaration of exemption from the provisions of the Natural Gas Act in the above-entitled matter.

[SEAL] LEON M. FUQUAY, *Secretary.*

[F. R. Doc. 56-2281; Filed, Mar. 26, 1956; 8:48 a. m.]

GENERAL SERVICES ADMINISTRATION

[Project 3-DC-04]

FEDERAL OFFICE BUILDING

PROSPECTUS FOR PROPOSED BUILDING IN SOUTHWESTERN PORTION OF THE DISTRICT OF COLUMBIA

EDITORIAL NOTE: This prospectus of proposed Project Number 3-DC-04 is published pursuant to section 412 (f) of the Public Buildings Purchase Contract Act of 1954 as amended by Public Law 150, 84th Congress, which requires publication in the FEDERAL REGISTER, for a period of ten consecutive days from date of submission to the Committees on Public Works of the Senate and House of Representatives.

Project No. 3-DC-04

FEBRUARY 6, 1956.

FORMAL PROSPECTUS FOR PROPOSED BUILDING UNDER TITLE I, PUBLIC LAW 519, 83D CONGRESS, 2D SESSION

FEDERAL OFFICE BUILDING, WASHINGTON, D. C.

1. *Brief description of proposed building:* The project contemplates the erection of a Federal Office Building on a site to be acquired in southwest Washington, D. C. The building, the second in the southwest area, will be multistoried and will provide approximately 441,000 square feet of net assignable space.

2. *Estimated maximum cost and financing:*

a. Maximum cost of site and building ---------- $16,275,000.
b. Proposed contract term---- 30 years.
c. Maximum rate of interest on purchase contract---- 4 percent.

3. *Certificates of need:* As the project is intended to provide relocation of numerous Federal agencies now in temporary buildings, no specific allocation of space can be made at this time. Upon completion of the facility, assignment and reassignment will be made in accordance with existing law. Therefore, requirement for Certificate of Need otherwise required by section 411 (e) of the Public Buildings Purchase Contract Act of 1954 was waived in Public Law 150, 84th Congress. Certification is hereby made as to the need for service space.

4. *Nonavailability of existing space:* Suitable space owned by the Government is not available and suitable rental space is not available at a price commensurate with that to be afforded through the contract proposed.

5. *Estimated annual managerial, custodial, heat, and utility costs:*

Services to be supplied by Government ---------- $463,000

6. *Estimated annual tax liability, upkeep and maintenance:*

a. Taxes, postconstruction (contract period) ---------- $211,680
b. Upkeep and maintenance (to be provided by Government)---- 66,100

7. *Current housing costs:*

Rents and other housing costs currently paid by the Government for agencies to be housed in the building to be erected---------- $441,000 p. a.

Determination of need. It has been determined that (1) the needs for space for the permanent activities of the Federal Government in this particular area cannot be satisfied by utilization of any existing suitable property now owned by the Government, and (2) the best interests of the United States will be served by taking action hereunder.

Submitted at Washington, D. C., on February 8, 1956.

Approved:

EDMUND F. MANSURE,
Administrator of General Services.

8. *Statement of Director, Bureau of the Budget.* Reflected in letter (copy attached).

EXECUTIVE OFFICE OF THE PRESIDENT

BUREAU OF THE BUDGET

WASHINGTON, D. C.

MARCH 6, 1956.

Project 3-DC-64
Federal Office Building
Southwest Washington Area
Washington, D. C.

MY DEAR MR. ADMINISTRATOR:

Pursuant to section 411 (e) (8) of the Public Buildings Purchase Contract Act of 1954 (Public Law 519), the proposal for a Federal Office Building, received February 9, 1956, has been examined and in my opinion "is necessary and in conformity with the policy of the President." This approval is given with the following understandings:

1. That the stated project cost of $16,275,000 (including $2,105,000 for A-E services, supervision, land, etc.) is a maximum figure.

2. That the reported annual operating cost of existing temporary buildings to be supplanted, i. e., $1.00 per square foot, represents minimum maintenance in anticipation of demolition and that temporary Government buildings actually cost more to maintain than the proposed new building.

3. That the proposed building will provide relocation of numerous Federal agencies now in temporary buildings, and no specific allocation of space can be made at this time. When specific allocation of agencies in the proposed building is determined by the General Services Administration, temporary space of equivalent occupancy will be demolished.

4. That every effort will be made to design and construct space conducive to maximum efficient utilization, and to take advantage of any revision of cost downward which may be found possible as the plans develop and negotiations are advanced.

You appreciate, of course, that this project will receive a more detailed review as to cost and space utilization prior to approval of the lease-purchase agreement.

Sincerely yours,

[S] ROWLAND HUGHES,
Director.

The Honorable
ADMINISTRATOR OF GENERAL SERVICES.

[F. R. Doc. 56-2105; Filed, Mar. 15, 1956; 11:29 a. m.]

RUBBER PRODUCING FACILITIES DISPOSAL COMMISSION

ALCOHOL-BUTADINE PLANT, LOUISVILLE, KY. AND CATALYST MANUFACTURING EQUIPMENT, BALTIMORE, MD.

INVITATION FOR PROPOSALS FOR PURCHASE OR LEASE

Pursuant to the Rubber Producing Facilities Disposal Act of 1953 (67 Stat. 408) (act), and Public Law 433, 84th Congress, 2d Session, approved March 21, 1956, the Rubber Producing Facilities Disposal Commission announces that it will receive written proposals for the purchase or lease of:

(a) The facility at Louisville, Kentucky, for the manufacture of butadiene from alcohol; and

(b) Equipment at Baltimore, Maryland, used in the manufacture of a catalyst for the production of butadiene from alcohol.

Contracts between the Commission and various parties for the sale of 26 of the Government-owned rubber producing facilities have become fully effective within the past year. The Louisville facility and the catalyst manufacturing equipment will, therefore, when sold or leased become part of a recently established private synthetic rubber industry.

Detailed descriptive brochures relating to the Louisville facility and the catalyst manufacturing equipment may be obtained upon application to the Commission.

The act and Public Law 433, 84th Congress, 2d Session, prescribe in detail, as well as generally, procedural and substantive standards pursuant to which the disposal of the Louisville facility and the catalyst manufacturing equipment is to be effected. To facilitate compliance with these standards, the Disposal Commission has prepared Instructions for the Submission of Proposals which set forth the requirements of the Commission with respect to such proposals. Copies of the Instructions will be available upon application to the Commission.

Subject to the foregoing, the following additional information concerning the program of sale is announced:

Alcohol-butadiene plant, Louisville, Kentucky. This facility, designated Plancor 1207, produces butadiene from ethyl alcohol. It has an annual capacity of 87,000 short tons, and is presently leased from the Government by Publicker Industries, Inc. This lease will expire April 4, 1958. Copies of the lease are available upon application to the Commission. Proposals for purchase or lease may be made subject to the existing lease, or may be conditioned upon negotiation with the lessee of an earlier termination date.

Proposals for the purchase or lease of this facility shall be in writing and may be submitted at any time through April 19, 1956, at the office of the Commission, 811 Vermont Avenue, N. W., Washington 25, D. C. As a condition to sale or lease, the Commission must be satisfied that the prospective purchaser or lessee actually intends to operate the facility for the purpose of manufacturing butadiene. The purchaser must also agree to comply with the terms of a "National Security Clause" having terms, conditions, restrictions and reservations which will assure the prompt availability of the facility, or a facility of equivalent capacity, for the production of butadiene for a period of 10 years from the date the facility is transferred to the purchaser.

Proposals for purchase shall provide for the payment of not less than 25 percent of the purchase price in cash; the unpaid balance may be financed by a first lien purchase money mortgage maturing in not more than 10 years and providing for periodic amortization (amortization in equal annual installments is not required). The interest rate upon the balance of the purchase price represented by the mortgage shall be 4 percent per annum, payable semiannually.

Proposals for purchase shall be accompanied by a deposit of cash or United States Government bonds of face amount equal to 2½ percent of the gross amount proposed to be paid but not exceeding $250,000. Except in the case of a purchaser, deposits shall be refunded without interest. In the case of a purchaser, deposits shall be applied without interest to the purchase price.

In the previous sales of the 26 other rubber producing facilities, the Commission used standard forms of contract applicable to cash and mortgage transactions. The same forms of contract will be used for the sale of the Louisville facility. Copies of the contract forms, which incorporate the full text of the National Security Clause, are available upon request from the Commission.

Any lease shall contain a "National Security Clause" and shall also contain provisions for the recapture of the facility and the termination of the lease if the President determines that the national interest so requires. Any lease shall be for a term of not less than 5 years nor more than 15 years from the date of termination of the existing lease; the precise term desired should be specified in the proposal.

Upon receipt of proposals, the Commission will first enter into negotiations for the statutory period of not to exceed 30 days, for the sale of the facility, and

only if a satisfactory sale cannot be negotiated will the Commission negotiate for its lease.

Catalyst Manufacturing Equipment, Baltimore, Maryland. This equipment is presently in standby condition and is located on the property of Davison Chemical Corporation in Baltimore. The equipment has been used (in conjunction with other equipment, owned by Davison Chemical Corporation) to produce a granular catalyst (silica gel impregnated with tantalum oxide) used in the conversion of an ethyl alcohol acetaldehyde mixture to butadiene. Proposals for the purchase or lease of this equipment shall be in writing and may be submitted to the Commission at any time through April 19, 1956.

Only proposals for purchase or lease of all of the Government-owned equipment described in the brochure are invited.

Sale will be made only on an all cash basis.

Proposals for sale or lease shall specify the use to which the bidder plans to put the equipment, and lease proposals shall specify the desired term (not to exceed 15 years).

Proposals for purchase shall be accompanied by a deposit of cash or United States Government bonds of face amount equal to 2½ percent of the gross amount proposed to be paid. Except in the case of a purchaser, deposits shall be refunded without interest. In the case of a purchaser, deposits shall be applied without interest to the purchase price.

Any lease or contract of sale shall contain, among other provisions, a "National Security Clause" having terms, conditions, restrictions and reservations which will assure the prompt availability of the catalyst manufacturing equipment for use in the manufacture of such catalyst for a period of 10 years from the date the equipment is transferred. Any lease shall contain provisions for the recapture of the equipment and the termination of the lease if the President determines that the national interest so requires.

Upon the receipt of proposals for the equipment, the Commission will enter into negotiations looking toward its sale or lease. Proposals for purchase will be accorded priority in negotiations.

Dated: March 26, 1956.

RUBBER PRODUCING FACILITIES DISPOSAL COMMISSION,
HAROLD W. SHEEHAN,
General Counsel and Acting Secretary, Rubber Producing Facilities Disposal Commission.

[F. R. Doc. 56-2282; Filed, Mar. 26, 1956; 8:48 a. m.]

INTERSTATE COMMERCE COMMISSION

[No. 31954]

RAILROAD PASSENGER TRAIN DEFICIT

NOTICE OF INVESTIGATION AND ORDER FOR HEARING

At a general session of the Interstate Commerce Commission, held at its office in Washington, D. C., on the 19th day of March A. D. 1956.

The Commission having under consideration the matter of the passenger-train deficit of the railroads subject to its jurisdiction, and good cause appearing therefor:

It is ordered, That a proceeding of investigation and inquiry be, and it is hereby, instituted by the Commission on its own motion into and concerning the deficit from passenger-train service and allied services performed in passenger-train operations by railroads subject to the jurisdiction of this Commission; the railroad passenger revenues, operating expenses and other income items relating to net railway operating income; the rate of return upon investment in road and equipment property which is used in such service; the rules of this Commission governing the separation of operating expenses, railway taxes, equipment rents and joint facility rents between freight service and passenger service; and possible ways and means of reducing and eliminating the railroad passenger-train deficit which has been incurred in recent years.

It is further ordered, That all common carriers by railroad, conducting passenger service, subject to the jurisdiction of this Commission be, and they are hereby, made respondents to this proceeding; that State Regulatory Commissions and the general public, including railroad passengers and shippers and receivers of railroad freight, whose freight rates are now bearing a portion of the passenger deficit, are invited to become parties to this proceeding; and that notice of this proceeding be given to the general public by depositing a copy of this order in the office of the Secretary of the Commission at Washington, D. C., and by filing it with the Director of the Division of the Federal Register.

And it is further ordered, That this proceeding be assigned for hearing at such times and places as the Commission may hereafter direct.

By the Commission.

[SEAL] HAROLD D. MCCOY,
Secretary.

[F. R. Doc. 56-2284; Filed, Mar. 26, 1956; 8:49 a. m.]